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Project Report

BOW-CANMORE AREA MARKET DEMAND STUDY

Prepared for

Alberta Tourism
Edmonton, Alberta

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To Whom It May Concern:

The following consultant's report was undertaken for the purpose of providing market demand information to facilitate planning and decision-making for tourism product developments within the Bow-Canmore area. The study is intended primarily for the use of operators and potential developers of tourism projects in the region, although it is expected that its benefit as a reference will be widely spread among many private and public sector users.

It should be noted that this study was conducted by an independent consultant commissioned by Alberta Tourism. As such, this study does not represent government policy, nor does it imply any commitment to implementation at this time.

If you have any comments regarding the report, please contact:

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Yours sincerely,

Bernard F. Campbell
Deputy Minister

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Preface To Executive Summary

The focus of this study is the Bow-Canmore area, defined as the area extending from the eastern edge of Banff National Park along the Bow River to the western edge of the Stoney Indian Reserve. The area's north and south boundaries are made by the mountains in the north and Kananaskis Country to the south.

This study was undertaken to provide market demand information to facilitate planning and decision making regarding tourism product developments appropriate for the market opportunities for the area. The study is intended for use by operators and potential developers of tourism business in the region as well as agencies from all levels of government.

The study addresses four main objectives:

- To provide information about the demand for a variety of tourism opportunities which could be developed in the area.
- To assess the extent to which the area's resources will appeal to various market segments.
- To provide information on comparable areas and to identify information on the markets and development patterns at these comparable areas and resulting implications for the Bow-Canmore area.
- To match existing and potential tourism products in the area with appropriate market demand opportunities.

A number of additional studies were also underway or being contemplated while this study was being conducted. This study addresses exclusively issues associated with market demand and related development potential. It does not consider in any detail, the environmental, land use planning or other issues associated with possible developments in the area.

While the study focuses on the Bow-Canmore area specifically, it considers events in the larger region in as much as market trends and competing and complementary developments could impact on the area.

The study is based on a combination of secondary source and primary source research. These sources are documented throughout the study as well as in the Appendix.

Executive Summary

A. Introduction

The Bow-Canmore area has long been identified as a region with significant tourism potential for Alberta. Although the area has traditionally been an access and service area for Banff, it is now emerging as a potential alternative to Banff for the national/international markets. Evidence of this is found in the growing number of development proposals for the area. Local municipalities have also developed a range of statutory plans, as well as tourism action plans, for lands under their jurisdiction.

Alberta Tourism commissioned this study to determine what types of products suitable for development in the Bow-Canmore area coincide or match with market demands and projections. This study is part of a series of studies being conducted in the area for the benefit of private and public sector users, and will assist in the preparation of a tourism development framework.

The Bow-Canmore area is situated in the Bow River Valley, extending easterly from the eastern edge of Banff National Park along the TransCanada Highway to the junction of Highway 40 with the TransCanada Highway. The area is bordered on the north and south sides by magnificent vistas of the Rocky Mountains, typical of the spectacular scenery characteristic of the Banff area. The southern edge of the area contains the gateway to Kananaskis Country, home to the 1988 Winter Olympics downhill skiing events and the beautiful Kananaskis Golf Course. It encompasses land from the M.D. of Bighorn and includes the Town of Canmore, and Hamlets of Deadman's Flats, Lac des Arcs, Exshaw, Seebe, and Harvie Heights.

Although the area defined above is the main focus of the study, its proximity to Banff National Park and Kananaskis Country means any development that takes place in any of these areas will affect the other areas as well. Accordingly, this report examines markets and development opportunities for the Bow-Canmore area within this larger regional context.

There are already a variety of activities possible and facilities available in the Bow-Canmore area. Accommodation ranges from luxury hotels to wilderness, live-in campsites. On the same day, one could attend a meeting, enjoy fine dining, and go downhill skiing.

The Bow-Canmore area offers a great deal of potential for further tourism development. As identified later in this summary, a number of market and product demand trends bode well for the region. The area is easily accessible by tourists, and its proximity to Calgary

and Banff makes it appealing to the local market. Its location in relation to Banff allows it to "tag on" to Banff's international reputation, and at the same time benefit from restrictions and guidelines constraining growth and development in the National Park.

B. Lessons from comparable areas

The Bow-Canmore area is in the unique position of having little development in place, therefore, it can learn from and avoid the mistakes made by others. Part of this study involved reviewing areas comparable to Bow-Canmore, to identify market trends being experienced, identify items that operators felt could have been improved upon, and, if the resort was to start from the beginning, which would have been handled differently.

The five comparable areas reviewed included: Summit and Eagle Counties in Colorado, The Broadmoor golf resort in Colorado, the Columbia Valley and Whistler in British Columbia, and the Flathead Valley in Montana. A chart highlighting relevant information from each of these areas is shown in Exhibit 1.

Exhibit 1
Comparable area summary

	Summit County	Vail/ Beaver Creek	Broad-moor	Whistler	Columbia Valley	Banff/ Canmore/ Kan.	Flathead Valley
Golf visitor days	75,000	110,000	90,000	35,000	170,000	180,000	300,000
Number of holes	72	90	54	18	90	81	126
No. of rounds per 18 holes	18,750	22,000	30,000	35,000	29,000	40,000	43,000
Skier visits	2,953,000[1]	1,454,000	42,000	1,221,000	130,000	1,090,000	267,750
No. of ski areas	4	2	1	2	1	5	1
No. of bicycle visitor days	118,000	45,000[2]	N/A	N/A	N/A	N/A	N/A
Convention/meeting space	198,500[3]	85,000[4]	100,000[5]	45,000[6]	10,000	72,000[7]	N/A
Number of rooms[8]	11,000	8,000[9]	550	2,500	1,350	6,510	2,803
Number of pillows[10]	36,000	28,300	1,520	9,450	4,050		

Source: *Peat Marwick Stevenson & Kellogg, Expert Interviews*

1 *Includes Breckenridge, Keystone, Copper, and Arapahoe Basin.*
2 *Includes only bicycle volume on summer lift system.*
3 *Includes 77,500 sq. ft. at Keystone, 76,000 sq. ft. at Breckenridge, and 45,000 sq. ft. at Copper (35,000 sq. ft. under construction).*
4 *Includes eight principal properties and Dobson Arena (17,000 sq. ft.).*
5 *Includes 38,000 sq. ft. under construction.*
6 *Includes all meeting space in Whistler Village, convention centre and Chateau Whistler.*
7 *Includes 35,000 sq. ft. under construction at Banff Springs. Does not include the Banff Centre, or a planned expansion of the Chateau Lake Louise.*
8 *Number of rooms derived from resort association files or estimated from pillow counts.*
9 *Number of rooms for Vail only.*
10 *Number of pillows derived from resort association files or estimated from room counts.*

The experience of individual operators and industry associations in these areas can be crystallized into a number of important lessons for the Bow-Canmore area.

- **Architectural control is essential for any resort area to project consistent images and themes and enhance continuity**. The projection of consistent themes and images is very important to generate consumer awareness and recognition.

- **Convention and meeting facilities are essential to stimulate demand in shoulder seasons.** This is one market that does generate significant levels of travel during the shoulder seasons. The inclusion of meeting and convention facilities in the Bow-Canmore area will be necessary to increase visitation and economic benefits during the shoulder seasons.

- **Golf courses are necessary to attract group and meeting business**. The availability of recreation facilities, particularly for golf, is necessary to attract this important market.

- **The cooperation and support of airlines is critical to the success of any mountain resort**. The availability of air transportation will become increasingly important as international visitation commands an increasing share of total visitation to the Bow-Canmore area.

- **The Bow-Canmore area should have one planning/coordinating body**. Each of the comparable areas examined either had such an agency or cited its absence as the cause of many problems.

- **Golf courses should be developed with their cost recovery potential in mind**. Revenue generated from the sale of residential/resort developments planned in conjunction with golf courses can offset the limits on profitability imposed by Bow-Canmore's short playing season.

- **Good internal transportation systems must be provided for visitors**. To compete effectively with other international destinations, an inter resort public transportation system that provides access to all major attractions in the region must be developed.

- **Central booking agencies should be implemented**. Such a system, offered in response to decreasing leisure time and demands for greater convenience when making travel arrangements, allows individuals to book any type of activity and/or accommodation combination ahead of time.

- **A mix of accommodation should be developed to achieve maximum economic benefits**. Second homes should be developed to provide a stable year-round weekend base, while hotels are necessary to attract greater numbers of individuals during the week and shoulder seasons.

C. Market trends

The experience of comparable areas, as expressed in the lessons identified above, is invaluable in defining the context in which product development should occur in the Bow-Canmore area. There are, however, a number of resort market trends that allow fine tuning of the analysis.

For Alberta in general, and the Bow-Canmore area in particular, the main growth opportunities lie in overseas markets. If current and expected trends continue, the domestic and U.S. markets will decline from the current 86% of visitation to 82% over the next ten years, while overseas visitation will increase to 18% of total visitation from the current 14%. Some markets can be expected to increase dramatically, particularly Japan, the Pacific Rim, the United Kingdom, and France. The number of Japanese to the Banff/Bow-Canmore area could almost triple over the next ten years, while both the United Kingdom and French visitors could be double current levels. Exhibit 2 shows the expected shifts in Banff/Bow-Canmore visitor origins to the year 1999.

Exhibit 2
Expected shifts in visitor origins to Banff/Bow-Canmore area 1990-1999

MARKET ORIGIN OF VISITORS	ESTIMATED 1990		EXPECTED 1999	
	Number of overnight trips	%	Number of overnight trips	%
Alberta	855,000	52	1,039,000	50.8
Other Canada	325,000	19	390,000	19.1
U.S.	252,000	15	255,000	12.5
Japan	68,000	4	140,000	6.8
Asia/Oceanic	29,000	2	41,000	2.0
U.K.	45,000	3	79,000	3.9
West Germany	17,000	1	19,000	1.0
France	15,000	1	20,000	1.0
Other Europe	46,000	3	61,000	2.9
Total	1,652,000	100.0	2,044,000	100.0%

Source: Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model, Peat Marwick Stevenson & Kellogg

Not only will the origins of visitors to Bow-Canmore change by the end of the decade, but several worldwide tourism trends will take hold and impact development in the Bow-Canmore area. These are:

- The time and value conscious travel consumer will demand quality facilities in the Bow-Canmore area at a reasonable price.

- Future consumers will increasingly want a central agency capable of coordinating bookings of all facilities and services to alleviate the time constraints faced in making travel plans.

- As the population ages, more opportunities to market Bow-Canmore in the shoulder season should occur.

- Frequent travellers will be increasingly hard to convert to repeat customers as they continue to seek new travel experiences. Increased marketing expenditures will be necessary to maintain demand from this segment.

- Differing demands by income segments will force operators in the Bow-Canmore area to concentrate on the market niches they can best serve. Individuals in the upper income levels will expect high quality facilities and levels of service consistent with their expenditure patterns and tastes, while lower income individuals will look for value and service consistent with their budget.

Given the need for niche orientation in the future, and the changing profile of the origin of visitors to the area, there are a number of important origin specific market trends that warrant attention:

1. Canadian market

Less frequent travel with children will mean less demand for vacation facilities popular with families, such as campgrounds. The level of development and amenities offered at existing campsites will need to be enhanced to accommodate the needs of the increasing ranks of the middle aged.

The continuing dominance of the automobile, combined with shorter trips closer to home will make the resident market increasingly important to the short-term success of any resort development in the area. To attract residents of Calgary, a combination of mid-priced fixed roof accommodation and semi-serviced campsites should be developed.

2. U.S. market

The increasing use of air as a mode of transportation for pleasure trips combined with the dominance of touring vacations indicates the need for better development of the fly/drive product. In addition, the large majority of U.S. travellers who feel the availability of moderately priced accommodation is very important, suggests that moderate or mid-range accommodation should be provided for this market segment.

Although sightseeing is one of the predominant activities Americans engage in while visiting Canada, they will not travel to a place strictly for this purpose. Accordingly, there has to be adequate shopping and other recreational facilities to interest the market while in the area.

3. The Japanese market

The honeymooner segment attracted to Banff demands high quality facilities and world renowned attractions. This market segment is expected to continue growing, although it may be very difficult to convert it to a relatively new and unknown destination.

The Japanese family market could be a long-term growth market for Bow-Canmore to target. Bow-Canmore could offer many recreational facilities for families, while providing the scenic beauty necessary to appeal to the majority of the Japanese. Condominium type accommodation would be most appropriate for this market. The development of this segment would require air fare reductions or moderate prices to make the area affordable and appealing.

A tremendous increase in interest in skiing is being observed in Japan. In spite of large improvements to the skiing infrastructure within that country, Japanese tour operators are offering ski trips to top overseas destinations with good success.

4. The U.K. market

The increasing preference for condominium or villa type accommodations (self-catering) indicates that this type of accommodation would appeal to the U.K. market. Increases in package holidays to the U.S. which include air fare and vehicle rental, suggests that the fly/drive product should also be promoted to this group.

Development of outdoor adventure day trips which could be accessible from a condominium type complex may be the most attractive development for the U.K. market. Significant potential also exists in the ski market. Canada's transportation and cost comparativeness with European destinations, combined with better snow conditions, are becoming known to this market.

5. The West German market

The German market is attracted to Canada's outdoor activities and natural beauty. Ensuring the natural resources in the Bow-Canmore area remain well protected will have the greatest effect on continuing to attract this market.

The fly/motorhome rental market is growing and can be expected to increase. Of the international visitors to the area, Germans are the most predominant group to use this means of transportation. They enjoy staying in well-serviced, uncrowded campgrounds. The present shortage of recreation vehicle (R.V.) facilities in Banff

indicates that there is potential to develop R.V. campsites in the Bow-Canmore area to cultivate the German Market.

6. The French market

Canada is perceived positively by this market in terms of outdoor activities (e.g. scenery, wildlife, natural parks and forests), public transportation, hygiene and cleanliness, interesting and friendly people, and unique native cultural groups. On the negative side, the view that Canada is expensive, especially in terms of accommodation and restaurants, indicates the need for moderately priced facilities to appeal to this market.

7. Other Asian/Oceanian markets

As with the Japanese market, the Asian "yuppies" (the strongest Asian segment) will be seeking destinations with recognizable landmarks and well-known destinations. It will be difficult to convert these visitors to Bow-Canmore in the near future unless Banff is used as the principal lure. A self-contained resort may be successful in attracting this group in the long-term. This type of facility has recently increased in popularity with the Japanese market, and as the area's name and reputation is built, it may be successful in drawing from all segments of the Asian market.

In the long-term, there is potential to attract the parents of the "yuppies" who are being encouraged to travel. However, the elderly people will be more price conscious and less "image and prestige" conscious than their professional children. Again, the availability of moderately priced accommodation and restaurant facilities will be important to this group.

Other countries and segments which may have potential for the Bow-Canmore area include the Taiwanese female office workers and the Taiwanese family market. The Australian market is also attractive due to its predisposition to travel during shoulder seasons. The Taiwanese and Australian markets represent the best market opportunities geographically within Asia/Oceania for the Bow-Canmore area.

D. Product trends

The shift in market demand in the Bow-Canmore area towards international visitors will naturally impose a new set of consumer tastes and preferences on tourism operators, products, and facilities. Indeed, tastes are changing even within each of these market areas. However, other important considerations in developing an appropriate product/market match for the area are trends associated with the tourism product itself. The products most relevant to future development in the Bow-Canmore area are outdoor activity products, accommodation/recreational real estate, skiing, golfing, and meetings and conventions.

1. Adventure activity

Adventure travel is forecast to be the fastest growing segment of the travel industry, with growth rates of 15-21% predicted for the next five years. The present product base in the Bow-Canmore area combined with these anticipated growth levels in the adventure tourism market indicate this product has good development potential for the area. The existing development restrictions in Banff National Park limit the opportunity to base such activities as heli-hiking, bicycle touring, hut-to-hut ski touring, or long distance overnight trail riding in the Park. The extensive land resource and location of the Bow-Canmore area provide an excellent base for adventure product development.

The markets exhibiting the strongest interest in this product are the U.S. (particularly California and other west coast states), French, U.K., German, and Japanese markets. The development of international calibre outdoor adventure activities may provide a good base to draw visitors from these countries to the area.

Specific product development/enhancements relevant to the adventure activity market in the Bow-Canmore area include:

- An additional 121 units of guest ranch accommodations could be required by 1999.

- Good potential for paved bike and hiking trails along with packaged opportunities. Participation in wilderness and bicycle tours could exceed four times the present participation by 1999.

- Climbing packages should be developed or re-oriented to accommodate the high level executive. With the aging of the population, fewer individuals are expected to remain active in this sport. However, growth is expected in the higher end of this segment.

- The white water rafting product should accommodate float trips with nature observation and deluxe rafting experiences. The current product appeals to a market similar to the young, aggressive ski market, which is declining.

2. Alpine and nordic skiing

Research on the typical Albertan skier has shown that Alberta attracts serious skiers who are attracted by the terrain and snow conditions but not overly concerned with on-hill accommodation and apres-ski activities. Decreasing participation rates, the aging of the skier population and greater demand for skier amenities will have a long-term adverse effect on the Alberta ski market.

The majority of the future market growth for downhill skiing in Kananaskis Country and Banff National Park will be industry driven. Cooperative marketing

efforts to attract new and non-active skiers to the area will have to be implemented to increase skier visits. Marketing efforts aimed at the children of baby boomers may result in increased participation by non-active skiers.

The Bow-Canmore area can be very successful in attracting the current non-skiing market. Typically, this market feels intimidated by the alpine skiing experience. Amongst other things, increased marketing must be undertaken to change the image of downhill skiing to make it less threatening to the non skiing market. The Bow-Canmore area may have the unique ability to offer a winter vacation experience combining a few days of alpine skiing (lessons included) with other winter activities (e.g. sleigh rides, skating, snow shoeing) while providing a location that is off the hill and more comfortable for the non-skier.

Any future development of the destination skier market will require significant alliances with major airlines and car rental agencies. Direct flights from Chicago, Minneapolis, and other major American cities should be implemented to improve access and make the Canadian Rockies a convenient alternative to Colorado or Utah.

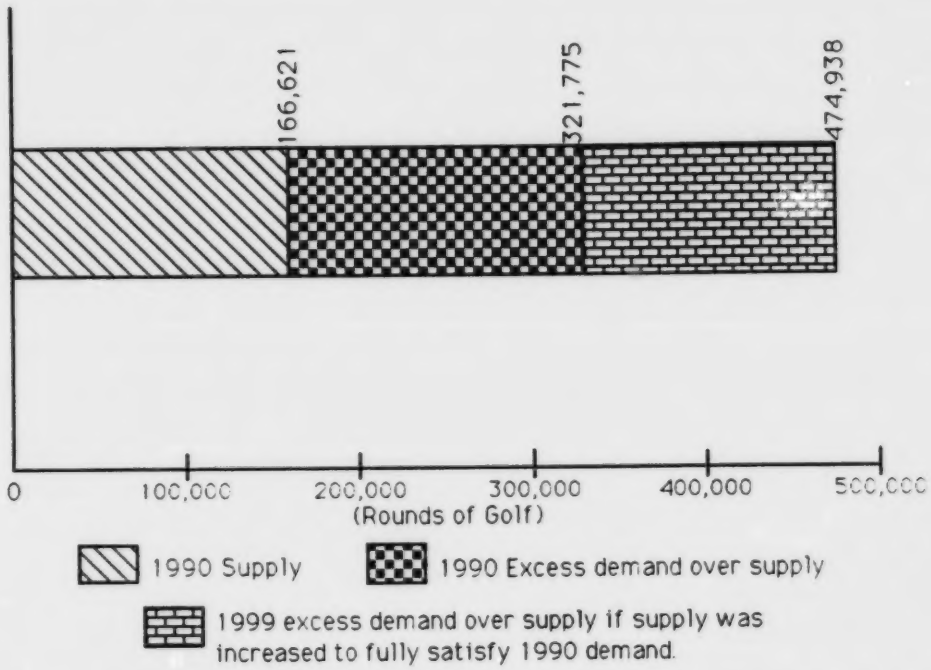
The demand for on-hill accommodation by destination skiers can be lessened by providing a convenient transportation system from the Bow-Canmore area to the 5 regional ski resorts. The opportunity to ski a variety of areas on vacation is a very desirable feature and could be marketed this way. The necessity of a convenient and regular transportation system is emphasized by skiers' apparent desire to be flexible - they want to start or stop skiing when they want - not when the transportation systems dictates. In addition, the transportation system can provide easy access to restaurants, shops, etc. in the region.

3. Golf

A substantial opportunity for golf course development exists in the Bow-Canmore area due to the existing undersupply in the golf sector and the forecast increases in demand.

The potential demand for golf in the area exceeds current supply to the extent that an additional four 18-hole courses could be supported immediately. By the year 1999, increasing visitation and participation rates will combine to create the need for eight 18 hole golf courses in addition to the supply that currently exists in the area. Exhibit 3 illustrates the extent of this excess demand.

Exhibit 3
Golf supply vs. demand (1990 and 1999)



With respect to the type of golf course development that should occur, the Alberta market feels well-designed and maintained courses are more important than those designed by a "name brand" designer. In terms of appealing to the golf tourism market, a "name brand" course may be necessary to act as an anchor for the area.

Some demand may exist for residential development associated with golf courses in Alberta. Almost 42% of Albertans aged 18 and over surveyed as part of the Alberta Leisure Golfing Market Demand Analysis indicated that they would consider purchasing or leasing residential accommodation at a golf resort in Alberta, with close to half of this interested group preferring Rocky Mountain or Foothills locations. A U.S. trend toward non-golfer interest in golf-related real estate may emerge in Alberta, although Albertan non-golfers do not currently show significant interest.

4. Recreational vehicle travel and camping

Short term indications are that camping participation will remain stable. In the long-term, more participation due to the aging of the population and an increase in leisure time may occur. As individuals age, they have tended to switch to camping

equipment other than tents. Campground development should be targeted more towards the R.V. or trailer user as opposed to tent campers. Currently, at least 16% of the camping population usually uses R.V.'s in addition to the unknown portion of the 59% of the population which uses mixed equipment. With growth projected in overseas visitors who use R.V.'s, and the projected increasing use of R.V.'s as camping equipment, campgrounds should be developed with the needs of this market foremost.

There is sufficient existing campsite capacity in the area to satisfy demand beyond 1999 on an average basis. The development emphasis over the next ten years for campgrounds in the area should therefore be on improving service rather than on adding new sites. The type of developments most appropriate involve those which would provide better service to older tourists such as:

- Expanding electrical and sewage hook-ups for R.V.'s.
- Developing rustic cabins to rent for those who prefer more secure accommodation.

Banff currently encounters shortages of R.V. serviced campsites on weekends. By 1999, 167 additional campsites will be required to accommodate the overflow from projected weekend demand. Close to 145 of these additional campsites should have, at minimum, electrical hookups, access to water and a dumping station.

5. Roofed accommodation and recreational real estate

The Bow-Canmore area should include three types of accommodation in order to enhance its success as a resort area:

- Tourist accommodation (e.g. hotels, "stand alone resorts").
- Recreational - residential housing (residences or "second homes", both owned and rented).
- Timesharing (interval ownership).

Tourist accommodation will benefit from a "rental pool" including timeshare units and a segment of privately owned recreational-residential housing units. The rental pool allows greater tourist usage of the resort area in peak seasons, without the development of additional tourist accommodation that would be uneconomical during off-peak seasons.

The supply of accommodation units in a resort area and the proportion of tourist, second home and timesharing units are based on a number of factors. One of the most significant factors is the visitation potential of the resort on a year-round basis. The quantity and quality of accommodation units and the desirability of these units (from a resale perspective) is highly dependent on the number of days in a year that

sufficient demand can be generated to make the real estate profitable and therefore, a good investment. With few exceptions a minimum of 2 1/2 seasons (e.g. summer, winter and part of spring or fall) are required, unless the resort has a particular one season focus and remains only partially operational for the balance of the year. In the latter case it is unlikely that a major national or international hotel management company would participate in operation of the resort.

Other factors include:

- Proximity to a major urban centre and international airport.
- Diversity of recreational amenities.
- Land costs.

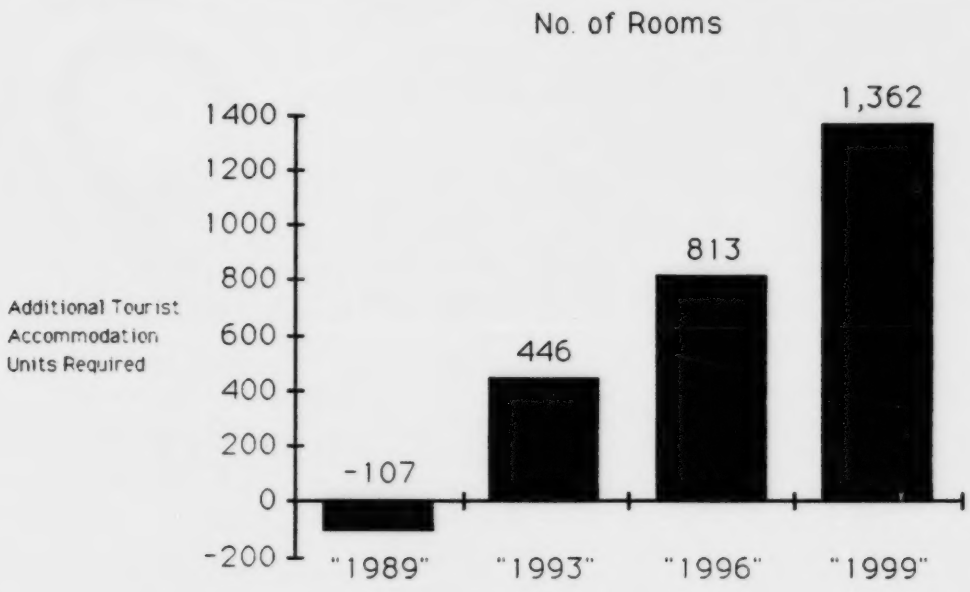
The Bow-Canmore area is in a relatively positive position with respect to nearly all of the above factors. The development of additional infrastructure to generate demand in the shoulder seasons will further enhance the image of the area as a four season destination.

Demand from existing markets will eventually outpace supply of tourist accommodation in the Bow-Canmore area. Additionally, visitation will be generated through the provision of new attractions, activities, and resort projects themselves.

The cost of resort development dictates the need for four season operation at good occupancy levels to be economically viable. For resort developments in Bow-Canmore to be successful, the operating season must be extended past that of the majority of accommodation properties currently operating in Banff National Park.

The three markets most likely to provide the increased demand are conventions and meetings, regional and family markets, and increased outdoor/adventure demand. These markets will provide a level of induced demand for accommodation in the Bow-Canmore area - demand from present and new markets that otherwise would be channelled elsewhere. Exhibit 4 illustrates the amount of additional accommodation required as a result of existing and induced demand.

Exhibit 4
Future tourist fixed-roof accommodation requirements based on area wide demand growth with induced demand (Bow-Canmore 1989-1999)



Note: These estimates do not include recreational-residential housing (owned and rented) or timeshare developments.

Source: ***From Exhibit V - 4(a) in main report.***

With respect to the demand for second residences or cottages, the primary market is residents of Calgary. Almost 4,000 households are likely to be interested in second residences or cottages in the Bow-Canmore area. Estimates of this potential market should be treated with some caution. Although a large degree of pent up demand could exist due to the former lack of second residence opportunities close to Calgary, this potential was determined without reference to price or features of these second residences. As well, although respondents were queried directly about their interest in the Bow-Canmore area, other opportunities for second residence ownership may serve to further lessen this potential.

6. Meetings and conventions

The following trends in the meetings and conventions market will have a large impact on the type of meeting facilities which should be developed in the Bow-Canmore area:

- Small meetings (up to 250 people) are expected to dominate the industry in the medium term. Many of these meetings will have an educational focus.

- Dedicated conference centres are increasingly being requested by meeting planners on behalf of corporations and associations that have greater facility expectations.

- The number of spouses and families travelling with convention delegates will continue to grow.

Resort hotels currently capture 14% of the meeting market in Alberta. With the addition of the Banff Springs and Lake Louise convention facilities, the competition within the region to host meetings will increase. Any new convention and meeting facilities in the Bow-Canmore area will have to offer very competitive facilities and prices. The present competition in the regional market indicates the success of new facilities will be dependent on their ability to attract national and international meetings and conventions.

Incentive travel is an opportunity closely related to the meetings and conventions market. The incentive travel industry in the United States has grown by an average annual rate of 13.5% since 1984. Most incentive travel is group based and the largest users are the insurance, automotive, and electronics (radio and television) industries. Incentive travel is attracted to resort areas with good meetings facilities. Incentive travel should provide reasonable opportunities to major resorts with convention and meeting facilities in the Bow-Canmore area, particularly during the early fall / late spring, and summer and winter ski seasons.

E. Product development implications for Bow-Canmore

The product development issues and implications of relevant market and product demand trends are highlighted in Exhibit 5, and takes the form of a product market match.

As Exhibit 5 shows, the products that are best developed in the area very much depend on which markets are being pursued. Some products such as campground development, for example, would tend to appeal somewhat more to specific markets such as the western Canadian and West German markets. Similarly, meetings and convention products would appeal to the domestic and U.S. markets. Other products such as shopping would have broad appeal in all of the key growth markets. Additional product initiatives also with broad market appeal would be fly/drive packages, packaged outdoor adventure services, and moderately priced accommodation facilities.

The markets and associated products which merit particular attention are the domestic, Japanese, Australian, and U.K. markets—the domestic market, because of its size and seasonal distribution, and the U.K., Japanese, and Australian markets, because of the

significant volume of business they could provide, as well as the potential to market skiing and/or some shoulder-season travel. In some instances there is good complementarity between these markets. For example, the development of private recreational property and timeshare units for the local domestic market would provide a good supply of rental villas and flats which are much in demand in the U.K. market, with perhaps some long-term appeal to the emerging Japanese family vacation market.

The U.S. market presents a particular dilemma for the Bow-Canmore Banff area. On the surface it would appear the area will require substantial product development to be competitive in the U.S. market in terms of shopping, accommodation and recreational infrastructure. Unfortunately, the market outlook to support such development is flat. The market is also primarily a summer based one, and is only attracted to the area during times when higher spending Japanese travellers will want to visit.

On the other hand, U.S. travellers are among the most sophisticated and demanding travellers in the world. Successfully designing and developing the area's products to U.S. market standards, while expensive, would clearly position it as one of the most internationally competitive resort destinations in the world, and enable it to appeal even more effectively to overseas markets.

Exhibit 5
Product/market match

Market	Current Visitors (From Exhibit 2)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit 2)	Attractions Focus	Services Focus
Alberta	855,000	52%	1.6%	911,000	3.5%	1,039,000	Dining, Natural Displays, Wildlife, Shopping, Hiking, Camping, Golf, Fishing, Cycling, Skiing, Skating, Tennis, Meetings & Conventions.	More campground amenities & wilderness campsites, mid-priced accommodation, recreational property & time share, adventure experience packaging, central reservations & packaging.
Other Canada	325,000	19%	2.2%	354,000	2.5%	390,000		
United States	252,000	15%	0.6%	258,000	-0.2%	255,000	Sight-seeing, Rest/Relaxation, Shopping, Historical sites, Dining, Nightlife, Golf, Hiking, Bicycling,Tennis, Hunting, Meetings & Conventions.	Improved air transportation, Discount fares, Fly drive packages. Moderately Priced "charming" accommodation; luxery accommodation for a small segment. Expanded shopping, facilities upgrading, Central, reservations & packaging, Inter-resort public transit.
Japan	68,000	4%	13.2%	104,000	6.9%	140,000	Scenery, Friendly people, Safety, Shopping, Culture & history, Wildlife, Skiing, Limited Adventure Experiences.	Expanded air services & capacity, Native cultural attractions, Improved quality of facilities, Expanded shopping, Services in Japanese, Luxury hotel accommodation-honeymooners. Moderately priced accommodation-other segments.
Asia/Oceania Australia New Zealand Hong Kong Singapore Taiwan South Korea	29,000	2.0%	4.3%	34,000	4.1%	41,000	Sightseeing, Shopping, Well known landmarks Outdoor adventure (Australia & New Zealand).	Insufficient Data.

Market	Current Visitors (From Exhibit 2)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit 2)	Attractions Focus	Services Focus
United Kingdom	45,000	3.0%	3.9%	52,000	10.4%	79,000	Sightseeing, Shopping, Packaged Adventure Products, Golf, Hiking, Bicycling, Dining, Skiing.	Packaging Outdoor Adventure Products, Fly Drive, Self Catering Accommodation (Villas & Flats) Discount Air Fares, Inter-Resort Public Transit.
West Germany	17,000	1.0%	-2.9%	15,000	5.3%	19,000	Upscale/unique Outdoor Adventure, Scenery/Photography/Rest/Relaxation, Sightseeing by Car/Motorhome, Camping, Mountains, Forests, Lakes, Shopping.	Fly/Drive, Motor Home Rentals, Improved Campground Services, Outdoor Adventure, Interpretive Guides.
France	15,000	1.0%	3.3%	17,000	3.5%	20,000	Outdoor Activities, Cultural Attractions; National Parks, Historic Sites.	Moderately priced accommodations & food services, Efficient public transit to and from airports and inter-resort. Public transportation
Other Europe	46,000	3.0%	4.3%	54,000	2.6%	61,000	Insufficient Data	Insufficient Data.
Total	**1,652,000**	**100.0%**	**2.2%**	**1,799,000**	**2.7%**	**2,044,000**		

Note: Growth rates relect annual increase rather than compound growth.

F. The basis for competitive positioning

Two aspects will determine the basis for competitively positioning Bow-Canmore in the 1990's. These are first, the price, quality and selection of amenities, and secondly, the images of the area relative to Banff.

1. Price, quality and selection of amenities

Developments in the Bow-Canmore area must provide four season attractions and facilities. All five of the comparable areas reviewed struggle through fall and spring and are either predominantly summer or winter resorts. All comparable resorts examined are striving to achieve more balanced year around operations.

Bow-Canmore will be like Banff, primarily a summer resort. The amenities which it will need to provide in order to compete include:

- An effective public transportation system to provide easy access to all five ski resorts in the area and to the Banff townsite, and ease of access to and from Calgary airport.
- Meetings and convention facilities attached to name brand hotels such as the possible involvement of Westin or Marriott etc. in proposed developments.
- Golf courses to help attract the group and meetings business in the late spring and early fall.
- A good selection of retail shops and restaurants.

One of the central competitive issues is the extent to which Bow-Canmore should become a stand alone resort area versus continuing to be a satellite and service centre for Banff. The view of the consultants and nearly all experts interviewed is that the Bow-Canmore area must become a stand alone resort area if it is to be successful. This requires that it eventually develop at least 1,000 or more rooms as well as an array of good restaurants and retail shops and other attractions.

In terms of price and quality, the emphasis should be on mid-priced hotels and rental chalets with limited development of luxury four star resort hotels designed to cater to the Japanese and special segments of the U.S. and overseas markets. The Alberta, national and U.S. markets, which provide the largest visitation, are primarily interested in moderately priced accommodation. Such accommodation would also appeal to much of the European market.

Although the price position of facilities should be mid range, the quality should be high. This will ensure visitors receive good value for their money. Ultimately a

strategy of providing high value in the mid priced market will best help the area achieve a strong competitive position in the markets and allow it to survive along side Banff.

2. Image relative to Banff

Canmore is currently primarily a service centre and overflow area for the Banff townsite. As such, the name Bow-Canmore carries a less attractive image than Banff in those markets which are aware of the differences between Banff and Canmore. The area's name is also important in those markets which have low name recognition of the Bow-Canmore area. In these instances the area will inevitably be required to link itself to Banff as a means of communicating the area's attractions to potential visitors. Therefore, in markets with high or low awareness of the Bow-Canmore area, the area will need to position itself as an extension to Banff, but perhaps with a somewhat different focus.

A unique image for the area and yet one still related to the positive aspects of Banff can come from a focus on the area's strengths. These strengths (unlike those of Banff) are:

- The ability to attract name hotels such as Marriott and Westin and the associated recognition which comes with these name properties.
- The ability to support extensive development of privately owned second residences.
- The ability to support extensive golf course development.
- A more likely base for the outfitting of outdoor adventure activities.

Development of the area around these strengths will eventually help develop a more distinctive quality image for the Bow-Canmore area. In reality, however, its image will always be strongly associated with Banff and this will prove to be a strong advantage in international markets.

Aside from the area's climate which is cool at times, has a short summer season and has inconsistent snow cover, the area's weaknesses are largely associated with lack of development rather than natural factors. Some the area's main weaknesses include:

- Lack of tourism infrastructure such as recreation facilities, accommodation and retail commercial development.
- The nearby industry development on the north side of the river.
- The area is not yet well known.

- Public transportation services are under developed.

The area has the potential to become a major North American resort destination area through the development and marketing of outdoor recreation attractions, resort accommodation and commercial retail facilities, transportation access to local ski areas, as well as meeting and convention facilities.

G. The Bow-Canmore area will be a resort destination

There is a difference between destination resorts and resort destinations. Destination resorts are defined as single, self-contained resort areas such as Whistler that provide accommodation, retail, food and beverage, attractions and services within a single area. Resort destinations are larger land areas which usually contain several destination resorts or resort properties and services.

The Bow-Canmore area is a resort destination. As such, it will ultimately encompass several different types of resorts serving different market niches.

H. Infrastructure and development issues

One of the Bow-Canmore area's greatest strengths is its land base and resources. The area is geographically a large, centrally located area, with the climate, and natural resource base to support a variety of recreational activities. The area is also reasonably well served, with good access in terms of roads and air connections, and is located adjacent to other high quality attractions.

Although there are development restrictions within the area and the resource is very sensitive to development, the land and resource base is still capable of supporting a wide range of recreational opportunities not eligible for initial development or further enhancement in Banff National Park. The potential developments include, for example:

- An extensive interconnection of trail developments for bicycling, hiking etc.
- Several high quality, scenic golf courses.
- Residential and commercial property including second residences, hotels, campgrounds and shopping/retail facilities.

In order to have these development initiatives proceed so as to properly develop the Bow-Canmore area, a number of actions need to be taken:

- Develop the outdoor adventure product to aid in successfully developing the Bow-Canmore into a resort destination area. Outdoor adventure products could play an important role in reversing the downward U.S. market trend for

the Banff area, attracting European visitors and encouraging Albertans to vacation at home.

- Pursue resort developments which closely match the market requirements. This means an emphasis on mid priced, high quality accommodations, which are architecturally themed toward a consistent image for the area. These accommodation properties ideally would be linked, along with Banff and Kananaskis properties, by a central reservation system and inter-resort public transportation system.

- Position and equip the Bow-Canmore area to serve as a central stopping area for access to ski resorts from Lake Louise to Kananaskis. This involves developing an efficient public transportation linkage among the resorts and between the Calgary airport and the Bow-Canmore/Banff area. It also means encouraging co-operative alliances among the ski resorts to aggressively promote skiing demand throughout Canada, the U.S. and Europe and building on the Winter Olympics theme.

- Position Bow-Canmore as a well known attractive resort conference centre by attracting "name" hotels to locate in the area and providing central convention planning services in the area.

- Encourage high quality viable camping developments to meet market requirements, encouraging tasteful designs and high quality development standards and establishments which offer leased/timeshare sites.

- Encourage high quality, well-maintained regular golf courses, as well as a championship course designed by a "name-brand" designer.

- Promote the development of second residences, some of which would be included in rental pools, to encourage initial growth of the area based on sound infrastructural and architectural planning.

I. The long-term market potential exists for major resort development

In conclusion, the market appears to offer good long-term potential for developing Bow-Canmore as a major international resort destination area. The expected growth in international visitors combined with the area's spectacular resources and proximity to Banff, already a well known international attraction, make it an appealing area for further development and investment.

However, in order to achieve its potential, close cooperation between all levels of government and the private sector will be required. Careful planning will also be necessary to ensure the area maintains its local character and environmental quality while

being designed to succeed in a highly competitive international market. Such balancing is possible and if properly planned the development of the area will prove to be one of Alberta's most strategically important projects in its goal toward building a multi-billion tourism industry.

Preface

The Bow-Canmore area has long been identified as a region with significant tourism potential for Alberta. Although the area has traditionally been an access and service area for Banff, it is now emerging as a potential alternative to Banff for the national/international market. Evidence of this is found in the growing number of development proposals for the area. Local municipalities have also developed a range of statutory plans as well as Tourism Action Plans for lands under their jurisdiction.

Alberta Tourism commissioned this study to determine what types of product should be encouraged in the Bow-Canmore area to coincide or match with market demands and projections. This study is part of a series of studies being conducted in the area to assist in preparing a tourism development framework.

The focus of the study is the Bow Valley part of the Bow-Canmore area. However, its proximity to Banff National Park and Kananaskis Country means that any development that takes place in any of these areas will affect the other areas as well. Accordingly, this report examines markets and development opportunities for the Bow-Canmore area within this larger regional context.

The data and findings presented in this study have come from a number of sources including:

- Interviews with some 60 tourism industry experts with relevant knowledge or expertise about the area and/or its attractions.
- Reviews of a variety of reports and secondary data sources referenced throughout this report.
- Interviews with several officials of Alberta Tourism based on their program responsibilities, expertise, and familiarity with the area.
- Interviews with most of the developers and project proponents known at the time of the study.
- Interviews with local government and other officials.
- Special primary research on the Calgary and California market demand for the area.
- References to the consultant's own in-house files and expertise within the firm.

This study provides overall market demand information for the area based on data provided through the above sources. In its general market opportunities are identified, as are constraints which will affect development in the area. Although information contained in this report will be of interest to developers, it was not within the mandate of this report to comment on the feasibility of specific projects or types of projects.

I

The Bow-Canmore Area: Current Situation

In this chapter we provide a brief description of the study area, profile existing markets in and around the study area in terms of origins and behavioral characteristics, and examine the factors driving the growth and development of the Bow-Canmore area.

A. Area description

The Bow-Canmore area is situated in the Bow River Valley extending easterly from the eastern edge of Banff National Park along the Trans Canada Highway to the junction of Highway 40 with the TransCanada Highway. The area is bordered on the north and south sides by magnificent vistas of the Rocky Mountains, typical of the spectacular scenery characteristic of the Banff area. The southern edge of the area contains the gateway to Kananaskis Country, home to the 1988 Winter Olympics downhill skiing events and the beautiful Kananaskis Golf Course. The area's massive forested slopes provide habitat for a variety of wildlife which can often be seen along the river valley. The area's spectacular mountain scenery is typical of Alberta's trademark within the international tourism community.

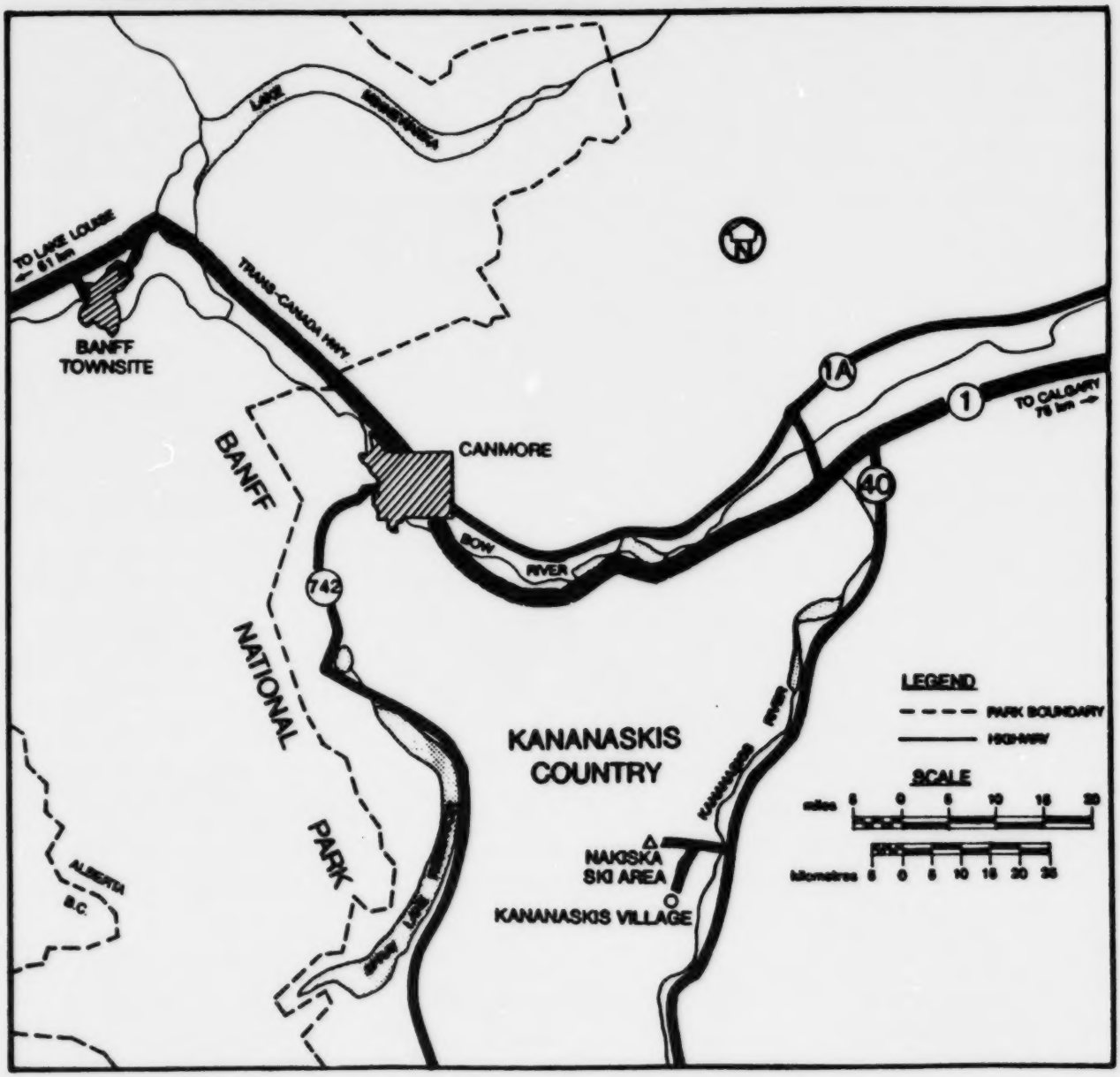
The Bow-Canmore area represents one of Alberta's most attractive regions for potential tourism development. It encompasses land from the M.D. of Bighorn and includes the Town of Canmore, and Hamlets of Dead Man's Flats, Lac des Arcs, Exshaw, Seebe and Harvie Heights. The total population of the area is 5,971 of which 4,833 live in Canmore. In addition, there are approximately 700 second homes located mainly around Lac des Arcs and Harvie Heights. At present, the majority of the land located in the corridor is crown land. The one large tract of private land in the area, which was formerly held by the Patrician Land Corporation, is now held by Three Sisters Golf Resorts, Inc. A map of the area is displayed in Exhibit I-1.

1. The climate in the Bow-Canmore corridor is moderate

The Bow river valley runs east-west and is heavily influenced by the westerly Chinook winds that channel through the area. These winds cause an increase in the average temperature in the winter making the area very suitable for outdoor winter recreation. However, chinooks also deteriorate snow quality in the area, restricting snow dependent recreation. The estimated number of chinooks per year increases

as one moves easterly along the Bow-Canmore corridor from about 14 near the park gates to approximately 30 near Seebe and areas further east.

Exhibit I - 1
Bow-Canmore area



Banff, on average, has 21% fewer sunshine hours than Calgary. Due to the east-west orientation of the valley, and the northern exposure of the majority of land available in the Bow-Canmore area, developments in this area will also experience fewer sunshine hours than typically found outside of the mountainous areas in Alberta.

The climate in the Bow-Canmore area is generally more moderate than in Calgary. While it does have colder mean temperatures during the months of November and December it is generally less extreme than in Calgary.

2. Canmore is presently viewed as a service centre by tourists

Canmore is the largest population centre in the study area and currently serves as a service centre for both industry and tourists. Tourists use Canmore as a service centre as well as an overflow and alternative source of accommodation when Banff is full. Canmore offers more mid to low priced accommodation than Banff and thus, attracts individuals or groups with more modest spending habits. The majority of the heavy industry is located north of the Trans-Canada highway in the Municipal District of Bighorn. Limestone, sandstone, and siltstone quarries, together with cement and magnesium plants can be found along the highway corridor. The three major plants employ 309 individuals who reside in Canmore, Exshaw and Cochrane. This heavy industry is considered a very important source of employment and economic benefit to both the M.D. and town residents.

B. Current markets and visitor profiles

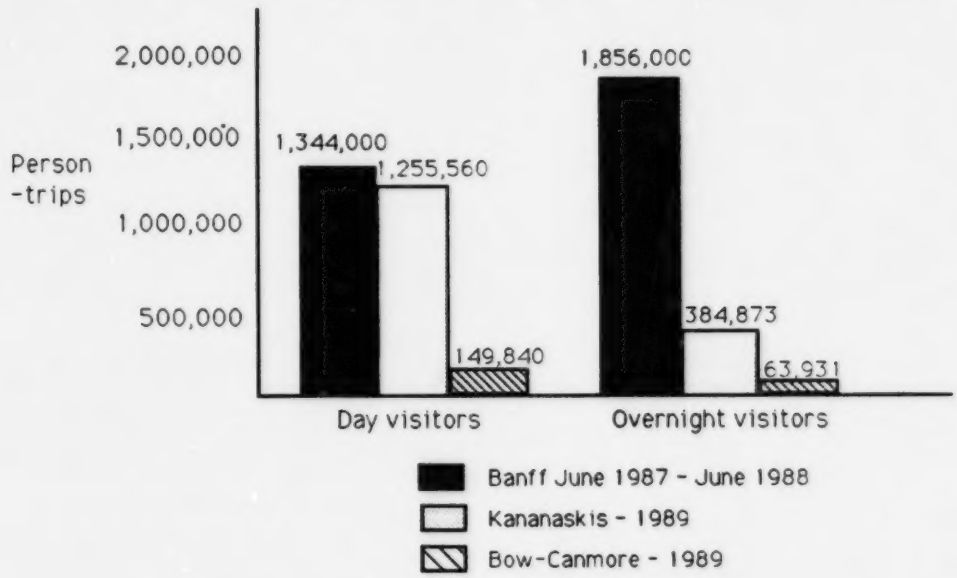
1. Banff has the highest visitation and the greatest number of overnight visitors

Historic visitation and origins of visitors to the Bow-Canmore area were profiled in part by examining statistics and information available pertaining to Banff National Park, Kananaskis Country, and the Bow-Canmore area itself. Banff National Park is by far the most heavily visited region of the three areas. Person-visits (defined as any person who entered, and spent time and money in the area) to the three areas were as follows:

Banff (June 1987 - June 1988)	3.2 Million person visitors[1]
Kananaskis Country (1989)	1.6 Million person visitors[2]
Bow-Canmore (1989)	0.2 Million person visitors[3]

A higher proportion of Banff visitors stay overnight (58%) compared with Canmore where 30% stay overnight, and Kananaskis, where only 24% are overnight visitors. Exhibit I - 2 displays visitation to these two areas distributed by day versus overnight visitors.

Exhibit I - 2
Breakdown of visitors by length of stay (person visitors)



Sources: Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989; Alberta Recreation and Parks, Parks Division, Management Support Branch, 1989 Visitation counts (Kananaskis and Bow-Canmore)

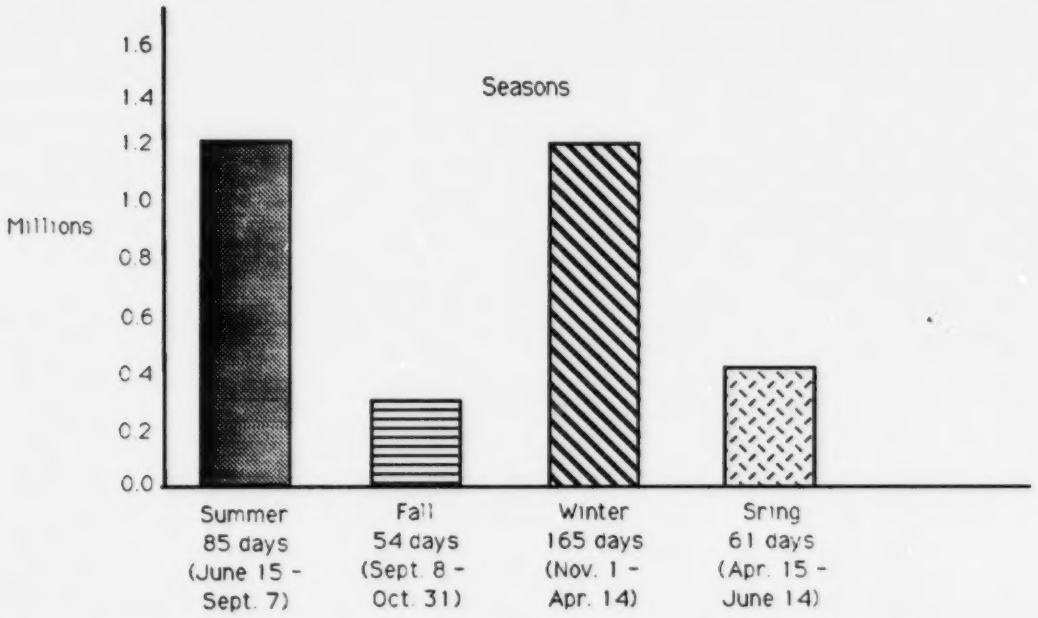
1 *Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989.*

2 *Alberta Recreation and Parks, Parks Division, Management Support Branch, 1989 Visitor Counts.*

3 *Alberta Recreation and Parks, Parks Division, Management Support Branch, 1989 Visitor Counts.*

Summer is by far the busiest season in Banff. As shown in Exhibit I - 3 below, Banff hosted approximately 1.2 million person-visits during both the summer and winter of 1988. Due to the length of the seasons, Banff was almost twice as busy during the short summer season compared to the winter. It is evident that visitation is very low during the sping and fall shoulder seasons.

Exhibit I - 3
Seasonal visitation of 1+ night visitors to Banff National Park

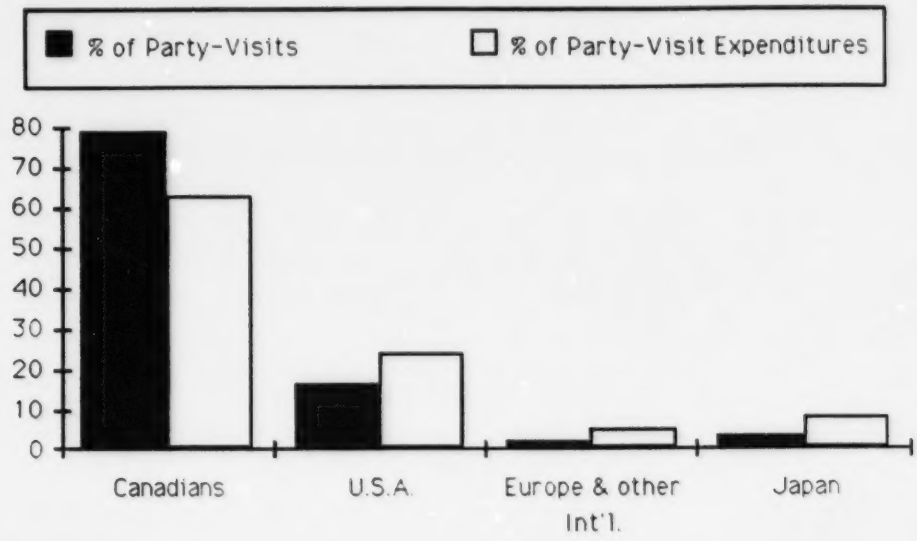


Source: Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989

2. Overseas visitors have high expenditures

Almost 80% of total visitors to Banff National Park come from Alberta or Canada. Although these two groups contribute a high percentage of total visitors, their proportionate contribution to total revenue falls below the amount spent by U.S. and overseas tourists. The Japanese are a particularly important group as they contribute more than 3 times the average expenditures per visitor. The percentage of party visit expenditures generated by each origin as compared to the percentage of all party visits from each origin is shown in Exhibit I - 4.

Exhibit I - 4
Contribution to Banff industry revenues based on total visitors by origin



Source: Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989

3. Banff and Kananaskis visitors have different profiles

Banff National Park and Kananaskis Country attract two different types of visitors. Due to the location of the Bow-Canmore area between these two locations and its present role as a service and overflow centre for Banff, it is plausible to assume the area receives a mix of both types of visitors. A profile of each of the visitor types is shown in Exhibit I - 5.

Exhibit I - 5
Comparative profile of Banff and Kananaskis Country visitors

Visitor Characteristic	Banff National Park	Kananaskis Country[1]
Household Income	$40,000+	$20,000 - $30,000
Party Composition	2 adults without children	Families with children
Occupation	White collar professional	Technical occupations
Trip purpose/timing	Pleasure/vacation	More weekend trips

Sources: Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989; Kananaskis Country Recreation Survey, 1980

4. Kananaskis visitors are more active

Kananaskis visitors are more outdoor/activity oriented while visitors to Banff tend to take more passive trips. The most popular activities in the Kananaskis Country include: sightseeing, day hiking, picnicking, fishing, and road cycling. In Banff, the activities in which there is greatest participation include: sightseeing by car, shopping, viewing wildlife, photography, and visiting museums. Exhibit I - 6 displays visitor activity participation by area visited.

Exhibit I - 6
Visitor activity participation by destination (Banff vs. Kananaskis)

Banff		Kananaskis	
Sightseeing by Car	73.1%	Sightseeing	60.1%
Shopping	52.1%	Day Hiking	41.3%
Viewing Wildlife	51.0%	Picnicking	26.9%
Photography	49.5%	Fishing	22.7%
Visiting museums	30.3%	Road Cycling	11.4%

Sources: Rocky Mountain National Parks Utilization Study, Ruston/Tomany & Associates, Ltd., 1989; Kananaskis Country Survey, Summer 1987, Alberta Recreation and Parks.

[1] *More recent demographic information on Kananaskis visitors is not available. However, Kananaskis Country officials do not feel the demographic make-up of visitors has changed significantly since that time. The Kananaskis Country Survey, Summer 1987 revealed the majority of overnight visitors are families with children.*

5. Bow-Canmore area visitors probably share some of the combined characteristics of Banff and Kananaskis visitors

Although no data was available which specifically profiles visitors to the Bow-Canmore area, the area's visitors probably share some of the characteristics of visitors to Banff and Kananaskis. As we have seen, Banff visitors tend to be somewhat different on average from Kananaskis visitors:

- Banff National Park currently has a higher component of international visitation than Kananaskis
- Banff National Park is more successful than Kananaskis and the Bow-Canmore area in attracting winter visitors. This is undoubtedly a result of the present accommodation and snow-based activity in each of the areas (see Exhibit I - 3—Seasonal visitation patterns to Banff).
- Kananaskis Country is primarily a summer destination—61% of visitation occurs during the period May 21 to September 1.
- Banff attracts more higher spending visitors primarily because of the propensity of Japanese and U.S. visitors to go to Banff.
- Kananaskis attracts more mid income families with children and visitors interested in active, outdoor-oriented activities; while Banff visitors are more interested in passive activities (see Exhibit I - 4 and I - 6).

However, it is likely that the profile of Kananaskis visitors is very gradually evolving toward the profile of Banff visitors (i.e. becoming more international, higher spending) although there are no specific data to support this view. Typically, this pattern is occurring in successful developing resort areas in western Canada, such as Whistler. This typical pattern suggests that the Bow-Canmore area, if developed, will initially appeal to local and Canadian tourists. However, as the area develops and becomes more well known, higher spending international visitors will make up an increasing share of total tourist visitation.

C. Existing products/services and market utilization

1. A variety of activities can be pursued in and around the study area

There are numerous services and facilities to serve visitors in the area. Banff National Park dominates in the provision of tourist services in the region. A profile of the existing products and services, broken down by area (where figures were

available) reveals this finding. As shown in Exhibit I - 7 below, most services are concentrated in the Banff area..

Exhibit I - 7
Visitor services and facilities available in Banff National Park, Bow-Canmore area and Kananaskis Country

	Total	Bow-Canmore	Kananaskis Country	Banff
Accommodation Units	6,510	440	420	5,650
Food & Beverage Outlets	96	26	6	64
Guest Ranches	2	1	1	
Golf Courses	4	1	2	1
Number of rounds	168,000	37,027	74,054	55,541
Number of holes	81	18	36	27
Camp sites	5,465	716	2,246	2,504
Service Stations	22	9	1	12
Meeting/convent. facilities				
Banquet seats	3,700	Nil	700	3,000
Largest group			700	800
Tour capacity	700 - 1,000 people/day			
Downhill skier days	2,939,600	-	788,600[1]	2,151,000[1]

Source: Town of Canmore Business Listing, Banff National Park Tourism Information, Kananaskis Country Visitor Services, Parks Canada, Alberta Recreation and Parks, Peat Marwick Stevenson & Kellogg interviews.

2. Accommodation in the three areas experiences different demand and utilization

Little comparative data exists for the study area. While occupancy statistics and average room rates are published for the Rocky Mountain areas and are available for the townsites of Banff and Jasper, the disparities in size of resort properties and operating seasons make direct comparisons between these two areas less meaningful.

[1] *Based on comfortable carrying capacity at each of the resorts.*

As a result, a variety of sources must be used to analyze the accommodation market.

a) Accommodation in Canmore has historically been targeted to a different market segment than Banff accommodation properties

The Canmore area has historically served as a service centre/overflow area and lower priced alternative to the town of Banff. The existing hotel/motel base is moderately priced. According to the 1988 Alberta Tourism Accommodation Study the average 1988 room rate in Canmore was $53.51. By comparison, the average 1988 room rate in Banff was $128.53. Also, as revealed by the above source, Canmore currently has a higher component of industry/crew room demand and which undoubtedly influences the price/product mix of the available accommodation in the area. In addition, the above mentioned study indicated that Canmore has a higher independent traveller component compared with Banff which has larger components of tour group and convention room demand.

b) The regional accommodation supply is characterized by numerous small operators

The accommodation supply in Banff, Bow-Canmore and Kananaskis is, with few exceptions, comprised of numerous small, owner-operator facilities. Exhibit I - 8 below, illustrates the distribution of hotel/motel properties by number of units.

Exhibit I - 8
Accommodation facilities by size of property Banff National Park, Kananaskis Country and Bow-Canmore 1990

	Banff National Park	Kananaskis	Canmore
Less than 100 rooms	39	2	17
101 - 200 rooms	6	0	0
Over 200 rooms	3	1	0
Total Hotels/Motels	48	3	17
Total Units	4,515	420	441

Note: Banff National Park included Lake Louise and on-hill accommodation at Sunshine Village. Bow-Canmore includes Harvie Heights and Dead Man's Flats.

Source: 1990 Alberta Accommodation Guide

As Banff's accommodation industry evolved from a summer-only market in the 1970's, various medium-sized properties (100 - 200 rooms) were added to the supply. Growth in new accommodation properties has been tempered by Banff's long shoulder seasons, negatively affecting the year-round financial success of any major hotel development with large capital outlays.

Growth in accommodation units for Banff National Park, Bow-Canmore and Kananaskis Country over the past ten years is illustrated in Exhibit I - 9.

Exhibit I - 9
Growth in accommodation supply Banff National Park, Bow-Canmore and Kananaskis Country

	Banff National Park	Bow-Canmore	Kananaskis Country
1979	3,044	374	0
1983	3,695	412	0
1985	3,820	408	0
1987	3,819	391	404
1990	4,515	441	420

Sources: *Alberta Accommodation Guides 1979, 1983, 1985, 1987, 1990.*

Additions between the years 1979 and 1990 included four properties of over 150 rooms. The largest single increase to the accommodation supply in the area was the approximately 290 rooms added to the Banff Springs Hotel in 1987. This addition formed part of a general expansion that also includes about 35,000 square feet of convention and meeting space scheduled to open in 1991. It is unlikely the addition of 290 rooms would have been contemplated without the additional meeting space and other amenities which the Banff Springs Convention Centre will provide.

c) Canadian Pacific Hotels dominates the market

The Banff Springs Hotel, Chateau Lake Louise and the Lodge at Kananaskis/Hotel Kananaskis dominate the accommodation market in the region. Canadian Pacific Hotels operate all three properties in addition to the Jasper Park Lodge and two properties in each of Calgary and Edmonton. They also control the largest national reservation system and work closely with tour wholesalers in packaging the Rocky Mountain resorts under the control of these reservation systems.

Decisions made by Canadian Pacific Hotels affect most other accommodation operators, as well as many other businesses in the area. For example, until the Banff Springs opened for the winter season in the 1970's (followed by the Chateau Lake Louise some years later) Banff was predominantly a summer resort. The marketing efforts of Canadian Pacific Hotels have aided Banff in extending its operating season, although the primary season for Canadian Pacific and other Banff area hotels remains the summer months—at least from an average room rate perspective.

Representation of major national and international hotel management companies (e.g. Marriott, Holiday Inn) in Banff is nonexistent. These types of companies are absent from Banff for largely two reasons:

- Few properties offer a large enough bedroom base to be financially attractive to third party management.
- The costs of outside management are seen by property owners as being too high in relation to the benefits provided.

It is unlikely that third party management could offer markedly increased occupancies in the off-season and/or significant improvements to the 90+% occupancies achieved during the summer months.

d) Occupancy and average room rates vary by season

Exhibit I - 10, below illustrates annual occupancies and average room rates for Banff and Jasper National Parks. It appears that occupancies have increased only minimally. But since there have been increases in supply of accommodation units, this means that there has actually been a strong net growth in demand.

Exhibit I - 10
Room nights demanded—Banff and Jasper National Parks 1985 - 1989

	1985	1986	1987	1988	1989
% Occupancy	60.7	64.8	63.4	62.2	61.4
Average Rate ($)	66.47	68.15	73.75	82.12	84.24

Note: Figures do not include the Banff Springs Hotel or the Chateau Lake Louise

Source: Pannell Kerr Forster

Only recently have occupancy and room rate data for Banff and Lake Louise townsites been kept. As illustrated in Exhibit I - 11 occupancy rates in Banff are lower than the average Banff - Jasper National Parks figures (as shown in Exhibit I-10) which is largely attributable to the increase in supply in the Banff townsite.

Exhibit I - 11
Occupancy and average room rate—Banff and Lake Louise 1988 and 1989

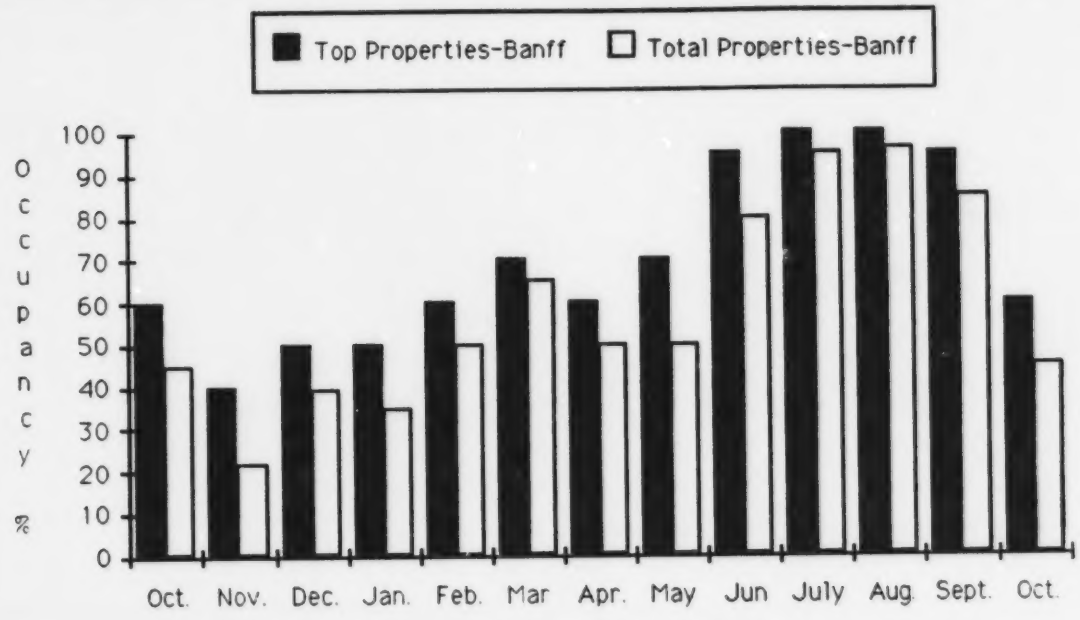
	1988	1989
% Occupancy	59.3	62.3
Average Rate ($)	78.31	80.77

Note: Figures do not include the Banff Springs Hotel or the Chateau Lake Louise

Source: Pannell Kerr Forster

Both occupancy and average room rate reflect the exclusion of the Banff Springs Hotel and the Chateau Lake Louise. Average room rate in particular is understated as a result. The adjusted occupancy and average room rate estimates shown in Exhibit I - 12 were derived through interviews conducted in this study with general managers of many leading hotels in Banff. These figures are more representative of actual results and are more easily compared with the larger proposals under consideration in the Bow-Canmore area.

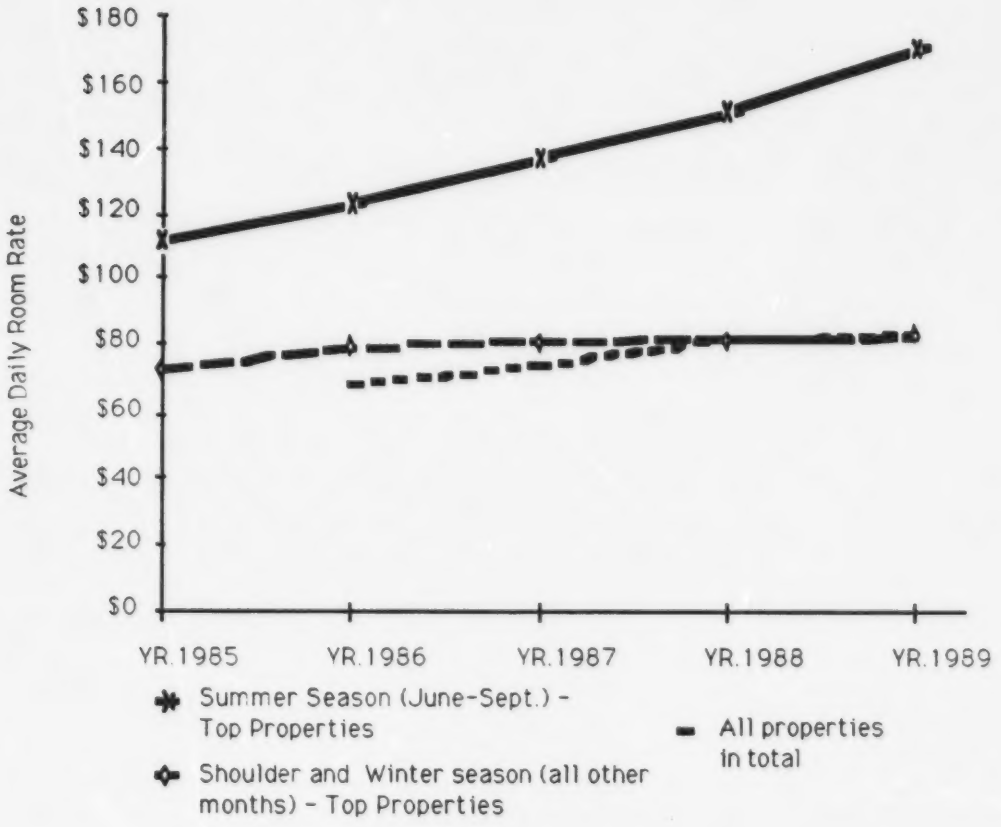
Exhibit I - 12
Banff occupancy by month 1989



Sources: Peat Marwick Stevenson & Kellogg Peat, Expert interviews, Alberta Tourism Pulse, Industry interviews.

Average room rates also vary by season, again with the summer months able to derive much higher rates. Summer rates in the major properties, those in excess of 150 rooms, outpace average occupancies by over 50% in many cases. Exhibit I - 13 illustrates an additional trend that sees substantial increases in summer average room rates and a levelling-off of winter and shoulder season rates since 1985.

Exhibit I - 13
Growth in average daily room rate - major Banff hotels 1985 to 1989

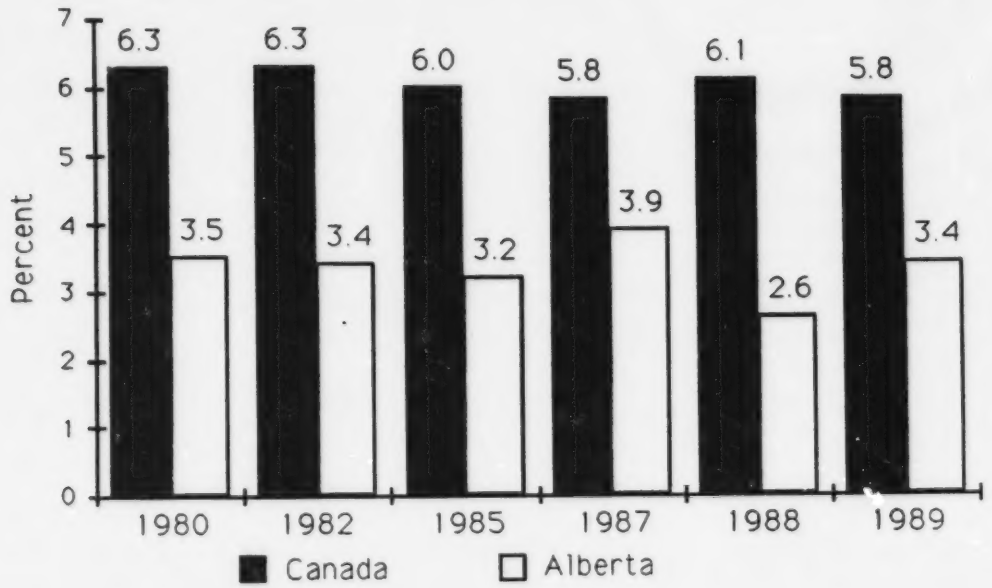


Source: Peat Marwick Stevenson & Kellogg, Expert Interviews

3. Second home ownership by Alberta residents has been limited by lack of supply

Although close to 28,500 Alberta households currently own vacation homes, Albertans own proportionately fewer vacation homes than Canadians in general, as illustrated in Exhibit I - 14. It is likely that lack of available vacation home properties located within a short driving distance (1 1/2 hours or less) is a factor in this statistic.

Exhibit I - 14
Percentage of households owning vacation homes



Source: Statistics Canada - Family Expenditure Survey, 1990

The survey of Calgarians revealed that only 3% of city residents own a vacation home, while 5% own what they term vacation property. Only one half of these properties are located in Alberta, with the majority of the balance located in British Columbia.

Calgarians with household incomes over $40,000 who have children or teens living at home are much more likely to be current owners of vacation homes or property. The most popular activity undertaken by Calgarians while at their vacation homes or properties are hiking/backpacking, swimming, boating, canoeing, or other water sports.

a) Albertans own second residences in the Columbia Valley and Montana

The Columbia Valley and certain resort areas of Montana have been the primary beneficiaries of Calgarian second home ownership. Development of second residences in the Columbia Valley in the late 1970's and early 1980's was influenced by the Multiple Unit Residential

Program; in essence, a tax shelter developed to spur residential construction. Large numbers of single and multi-family developments were constructed in Invermere, Windermere, Panorama, Fairmont Hot Springs and surrounding areas. The projects were almost always marketed directly to Calgarians, specifically and Albertans, generally.

b) Canmore is an attractive area for second residences

Canmore has been experiencing increasing demand for second residence development opportunities. Rundleview Estates, developed by Patrician Land Corp. in the early 1980's, created over 100 single family residential lots and some multi-family sites. A majority of these were sold as second residences. This historic demand for second residence housing in the Canmore area is further demonstrated by the "need to reside" clauses that the Alberta Housing Corporation imposed on its Cougar Creek residential sub-division located on the benchlands, north of the present townsite.

4. The golf courses in the region operate at nearly 100% of realistic capacity

The current supply of golf courses in the Bow-Canmore area is estimated to be capable of supplying 166,621 rounds. In estimating this supply figure, it was necessary to calculate a theoretical maximum capacity for an eighteen hole golf course. The assumptions governing this calculation are contained in Exhibit I - 15.

Exhibit I - 15
Assumptions used in calculating maximum golf course capacity

- Golf season is 135 days (May 1 to September 15)
- First tee-off at 6:00 a.m.; last at 4:00 p.m. (10 hours per day)
- Golf season is therefore comprised of 1350 hours
- A tee-off every 7 minutes would yield 11,571 tee-offs
- If a foursome is assumed at each tee off, each course would have a theoretical maximum capacity of 46,284 rounds.

Although theoretical maximum capacity of each golf course was calculated in Exhibit I - 15 as 46,284, 80% of this figure was used in calculating the total golf

supply for the Bow-Canmore area. This lesser figure is used to account for inefficiency caused by poor weather, as well as instances where parties of three, two, or even one tee off, as opposed to a foursome.

The 80% efficiency figure brings the realistic use per golf course to 37,027 rounds. Given the fact that 81 holes exist in the area (18 at Canmore, 27 at Banff Springs, and 36 at Kananaskis), this equates to a total golf supply of 166,621 rounds.

5. The downhill ski resorts in the area have experienced modest growth rates

The five major ski resorts in the Banff-Canmore-Kananaskis area generate over 1 million skier visits per year. Exhibit I - 16 highlights annual skier visits at the five resorts during the 1986/87 to 1989/90 period. Skier visits were adversely affected by the 1988 Winter Olympics and have since recovered to exceed the overall 1986/87 level. Some annual growth is being caused by improvements in lift capacity and snow-making. Recent expansion at Lake Louise with detachable quad lifts has increased the ski area's capacity by 65%. Lake Louise, Fortress and Nakiska have increased skier visits (16%, 17% and 69%, respectively), whereas Sunshine and Norquay have experienced a decrease in skier visits (-19% and -25%, respectively). These declines are largely attributed to the Nakiska development. An expansion at Norquay is currently underway that will greatly improve the amount of intermediate terrain available and more than double skier capacity.

Exhibit I - 16
Skier visits at five major resorts near Canmore (000's)

	Sunshine	Norquay	Lake Louise	Fortress	Nakiska	Total Skier Visits
1986-87	418	56	401	76	84	1,035,000
1987-88	304	50	343	94	75	866,000
1988-89	299	57	420	97	144	1,017,000
1989-90	335	42	475	89	142	1,083,000

a) The area ski resorts rely on the local and resident market

Non-resident destination skiers represent approximately 25% of total skier visits at the major resorts. All of the resorts rely to a great extent on the local Alberta "rubber tire" market. Calgary and local residents generate up to half of total skier days at the major resorts. Edmonton residents generate an additional 15% and other Albertans generate 10%.

Skier origin surveys were conducted at the two largest resorts in 1987 and the results are illustrated in Exhibit I - 17.

Exhibit I - 17
Origin of skiers—two major resorts near Canmore

Local (Banff, Lake Louise, Canmore)	3%
Calgary	35
Edmonton	12
Other Alberta	10
Total Alberta	60
Saskatchewan	6
British Columbia	2
Manitoba	4
Other Canada	10
United States	15
Japan	1
Other	2
Total non-Alberta	40
Total	100%

Source: Peat Marwick Stevenson & Kellogg, 1988

Exhibit I - 17 illustrates that the major destination markets by skier origin are the United States, other Canada, Saskatchewan and Manitoba. International skiers account for only 3% of skier visits.

About half of the skiers in the Canmore-Banff-Kananaskis area do not stay overnight when they ski and when they do, most will stay in Banff. A survey conducted at Sunshine Village in 1987 indicated that 46% of all skiers to Sunshine did not stay overnight. Of those that stayed, 92% over nighted in Banff, 5% in Lake Louise and only 2% in Canmore.

b) The Canmore Nordic Centre provides opportunities to develop the Nordic market

The Nordic Centre at Canmore, constructed for the 1988 Olympics, provides 65 kilometers of challenging, cross-country ski trails, and the amenities of a full-service day lodge. Another 280 kilometers of

groomed and track set trails are available within Kananaskis Country. Inconsistent snow quality and quantity, however, present obstacles for the market development of the Nordic Centre. Currently, market demand is primarily generated by local and Calgary residents and competitive skiers.

6. Outdoor recreation is a very important component of tourism in the region

Currently, there are 21 outdoor adventure operators in Canmore offering a variety of outdoor adventure opportunities. Activities offered by these outfitters include mountain climbing, hiking, snowmobiling, downhill skiing, cross-country skiing, heli-skiing, river rafting, canoeing and kayaking, fishing, hot air ballooning, and helicopter touring. Of course, visitors can also play golf, tennis and swim if they choose. The Bow-Canmore area is well situated to further develop its outdoor adventure products as a result of its proximity to the mountains, extensive land base and reputation as a centre for excellent mountaineering, skiing, and climbing schools. Existing outfitters have aided in establishing a reputation for the Bow-Canmore area as a destination for outdoor adventure.

7. The Bow-Canmore area has many opportunities due to limitations on Banff's growth

Further development in Banff is seriously constrained because it is located in a national park. Existing restrictions on growth and expansion are limiting the opportunity to respond to increased market demand. At present Banff is near capacity in terms of room supply. A total of only 660 additional rooms have been approved for construction in Banff: 210 additional rooms at the Rimrock and 450 rooms at Charlton's. Once these expansions are completed there is minimal room expansion that can take place in Banff.

Development of recreational facilities is also restricted in the park by national park zoning/development guidelines. For example, there is no possibility of the construction of a new golf course, trail system with hut accommodation, or the development of heli-hiking within the park boundaries. To satisfy the demand for these types of activities, development will have to take place outside the park.

D. Future development capabilities

1. Review of development capabilities in the Bow-Canmore area

The present expansion restrictions in Banff National Park combined with increased visitation and projected increases in sport participation indicate the necessity for

development outside the park. The characteristics of the Bow-Canmore area make it an attractive area for development. Its scenic location complements the scenic touring activity in Banff while the large land base allows the development of numerous activities and attractions. It is easily accessible for tourists, and its proximity to Calgary and Banff make it appealing to the local market. Its location in relation to Banff also allows it to "tag on" to Banff's international reputation.

Although the area has good automobile access via Highway 1, international air services to Calgary are not as frequent as those experienced by the comparable resort destinations (i.e. Summit/Eagle counties via Denver) and the cost of air travel can discourage individuals from visiting this area. Examples of other factors which could have a negative impact on developments in the Bow-Canmore corridor include:

- Short summer season.
- Unpredictable snow conditions may make it difficult to develop winter snow-based sport activities (other than downhill skiing).
- The lack of existing infrastructure will necessitate the infusion of greater capital investments and commitments to reach the critical mass needed to generate sufficient levels of tourism.

2. Future opportunities for the area

Experts in the tourism industry indicated what facilities and services they thought the Bow-Canmore area could support and what were necessary for development. A wide variety of suggestions were made, but a number of common threads emerged. It is important to note that the comments below are based on interviews with a number of experts in the tourism industry and local tourism operators. These should not be viewed as recommendations, but rather as suggestions and opinions.

a) The Bow-Canmore area needs a whole range of facilities and developments

Almost all of the experts interviewed indicated that a whole range of facilities and services would have to be developed in this area in order to attract tourists or be considered a destination resort.

b) A four season destination resort could be successful

The development of a four season resort with good quality accommodation, ample opportunities for recreation including a spa, fitness facilities, a golf course, tennis courts, horseback riding (and other indoor recreation for the shoulder and winter seasons) could be a viable development in this area. In all

conversations regarding accommodation, it was indicated that quality could not be over stressed. Any accommodation development has to be at a level of quality that will attract tour groups and international tourists. The Bow-Canmore area will be competing on an international basis, therefore, the facilities should be developed to meet the expectations of international visitors.

c) Moderately priced or mid-ranged accommodation could be developed

As indicated by the market profiles outlined later, it is apparent that Canada is viewed as an expensive destination, and many travellers prefer to stay in moderately priced accommodation. A number of comments were made which implied that Banff may be capturing the high end of the market during the summer season and ignoring the mid-range market. This may be a viable opportunity for development in the Bow-Canmore area.

It was suggested that the Bow-Canmore area could develop the bed and breakfast or pension type lodge/hotel markets quite successfully. These types of developments create a special character and ambience. The distinct image that the Bow-Canmore area would acquire with the development of these facilities would help in creating a distinct image from Banff.

d) A different type of winter market could be developed

Downhill skiing is not seen as a great growth area and this market should not be relied upon for success in the winter season. Rather, the Bow-Canmore area should aim to package winter vacations that provide a number of recreational opportunities. Sleigh rides, cross-country skiing, skating and special events could be packaged together to attract the non-downhill skiers to the mountains during the winter.

The Bow-Canmore area is in the unique position of being equally distanced from the five major ski areas in the region. It could use this to market itself, however, it will be difficult to compete with accommodation in Banff which experiences occupancy levels around 60% in the winter and has an established reputation.

e) The adventure product should be developed

Canmore has developed a good base image for adventure products through their mountaineering and skiing schools. There is a significant land base to develop the resource without the restrictions of being located in a national park. Adventure travel packages that provide travellers with all types of

amenities and services (including instruction and practice areas where applicable) should be a good tourist draw for the area.

f) Recreation vehicle facilities are required

Growth has recently been experienced in the fly/R.V. drive and R.V. rental markets. R.V. rental operators indicated the majority of their clients are from overseas origins. Some international visitors have complained of crowding in Banff due to the absence of adequate R.V. facilities. In the short-term, upgrading existing campsites to serve the R.V. market presents a viable opportunity for the Bow-Canmore area campground operators particularly if they are able to meet the market demand for more scenic and private campsites, with R.V. hook-ups. In the long-term, increased demand may be experienced for R.V. facilities and additional sites may be developed.

An individual with expertise related to National Park campgrounds indicated that the long-stay campground concept could be successful. Potential markets include "nomadic" empty nesters and the local market.

g) The demand for golf courses is increasing

The growing demand for golf will not be able to be met by developments in the National Park, therefore, the Bow-Canmore area is the natural location for development. A number of individuals indicated that any major resort that is constructed in the area should have a golf course.

h) Development with sensitivity to environmental impact is desired

At present the area is known for its scenic and pristine beauty. While tourism development is viewed favorably, there is concern for the wildlife habitat and the high quality visual resources of the corridor. All proposals should take these and other environmental concerns into account before proceeding with development.

E. Summary of existing products and markets

The markets and product match profile for the Banff, Kananaskis and Bow-Canmore areas is shown in Exhibit I - 18.

Exhibit I - 18
Current Product Market Match

Market	Banff	Kananaskis	Bow-Canmore
Annual visitation	3,200,000	1,640,000	214,000
International visitation	752,000	170,000	12,000
Domestic visitation	2,448,000	1,470,000	202,000
Demographic characteristics	More upscale, professionals, age 25-54	Average income families, younger 20-40	More local residents, moderate incomes
Overnight	1,856,000	385,000	64,000
Day	1,344,000	1,255,000	150,000
Attractions Focus	Sightseeing, viewing wildlife, shopping, visiting museums, touring, skiing, meetings & conventions	Outdoor activities, camping, bicycling, fishing trail riding, golfing, skiing, picnicking, corporate meetings	Outdoor activities, hiking, trail riding, golfing, local shopping.
Services Focus	Extensive overnight accommodation 5,650 units, variety of dining opportunities, service stations, extensive meeting & convention facilities	Attractive but small accommodation base, small array of dining opportunities, extensive camping services, good meeting facilities	Service centre for Banff, modest accommodation base, dining and service stations for pass through travellers.
Development Stage	Mature, limited growth potential due to land base restrictions, refurbishment rather than expanded development, evolving to balanced 4 season resort	Expanding, good growth potential, land availability, gradually evolving toward a more national and international market focus	Very early development stage, excellent development potential, good land availability, proximity to Banff a key development advantage

Source: *Peat Marwick Stevenson & Kellogg, estimates based on services cited in Exhibits I - 2 through I - 7.*

Banff has the highest overall visitation of the three areas, the greatest number of overnight visitors and the greatest number of international visitors. Banff tends to attract the more upscale traveller aged 25 to 54, while Kananaskis is more popular with Albertans and other Canadians, particularly middle income families.

Visitors to Kananaskis are attracted to the area for outdoor recreation opportunities particularly sightseeing, day hiking, picnicking, fishing, and road cycling. Visitors to Banff are also attracted to outdoor recreation opportunities but, compared with Kananaskis visitors, are somewhat more focused on passive activities such as sightseeing, visiting museums, shopping, dining and so forth. Bow-Canmore also has an outdoor recreation attractions focus and seems to have an image as an area attracting the more avid outdoor recreationalist (i.e. back country hiker).

All three areas attract golfers. Canmore has an 18 hole course, Banff has a 27 hole course, and Kananaskis has a 36 hole course. The three courses can service about 166,000 rounds of golf per year and are currently booked to virtually full capacity.

The five major ski resorts in the Banff-Kananaskis-Canmore area attract over 1 million skier visits per year. Recent and planned expansions to these areas are expected to facilitate continuous growth in skiing demand.

Banff is the dominant service centre of the three areas. With 5,650 roofed accommodation units and 2,504 campsites, it has 86% of the region's roofed accommodation inventory and 46% of the camping services. Canmore has slightly more roofed accommodation than Kananaskis, but with 2,246 campsites Kananaskis has 41% of the region's camping services compared with 13% (716 campsites) in Bow-Canmore. Dining opportunities in Banff are by far the most varied and extensive of the three areas. Meeting and convention capacity is also much more extensive in Banff. Two thirds of the dining establishments and 80% of the meeting and convention space in the region are found in Banff. However, Kananaskis has been increasing its share of the region's meeting and convention business. Canmore's service focus is largely to cater to pass-through travellers going to and from Banff. This is shown in the fact that although Canmore receives only 4% of total visitation to the region, it has 27% of the region's food and beverage outlets and 40% of the region's service stations.

Finally, although the Bow-Canmore area is the least developed of the three areas, experts feel the area has strong development potential. Banff is at a mature development state and there are limitations on further accommodation development. Kananaskis was originally designed to serve the recreation needs of Albertans, however, as the area's services have developed and became more well known, it is gradually capturing more of its business from national and international markets.

Bow-Canmore is in the very early development stage. As a result, it requires extensive facility development to become an international quality resort. Some of the facilities and services, which in the opinion of industry experts appear to be required or have good

market potential, include: four season destination resorts, diverse winter recreation opportunities such as festivals, skating, sleigh rides, outdoor adventure services such as guest ranches, trekking, heli-hiking, bicycling, etc., and golf course development.

II

Comparable Areas

A major aspect of this study involved reviewing areas comparable to Bow-Canmore to identify market trends being experienced by these areas. In examining these comparable areas a specific attempt was made to identify any items that operators felt could have been improved upon and those which would have been handled differently if the resort was to start from the beginning. The Bow-Canmore area is in the unique position of having little development in place, therefore, it can learn from and avoid the mistakes made by others.

The five comparable areas reviewed included: Summit and Eagle Counties in Colorado, Broadmoor Golf Resort in Colorado, the Columbia Valley and Whistler in British Columbia and the Flathead Valley in Montana. A chart which highlights the facilities in each of the areas is shown in Exhibit II - 1 and a brief description of each of the areas is outlined below.

Exhibit II - 1
Comparable area summary

	Summit County	Vail/ Beaver Creek	Broad-moor	Whistler	Columbia Valley	Banff/ Canmore/ Kan.	Flathead Valley
Golf visitor days	75,000	110,000	90,000	35,000	170,000	180,000	300,000
Number of holes	72	90	54	18	90	81	126
No. of rounds per 18 holes	18,750	22,000	30,000	35,000	29,000	40,000	43,000
Skier visits	2,953,000[1]	1,454,000	42,000	1,221,000	130,000	1,090,000	267,750
No. of ski areas	4	2	1	2	1	5	1
No. of bicycle visitor days	118,000	45,000[2]	N/A	N/A	N/A	N/A	N/A
Convention/meeting space	198,500[3]	85,000[4]	100,000[5]	45,000[6]	10,000	72,000[7]	N/A
Number of rooms[8]	11,000	8,000[9]	550	2,500	1,350	6,510	2,803
Number of pillows[10]	36,000	28,300	1,520	9,450	4,050		

Source: Peat Marwick Stevenson & Kellogg, Expert Interviews

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1 *Includes Breckenridge, Keystone, Copper, and Arapahoe Basin.*

2 *Includes only bicycle volume on summer lift system.*

3 *Includes 77,500 sq. ft. at Keystone, 76,000 sq. ft. at Breckenridge, and 45,000 sq. ft. at Copper (35,000 sq. ft of which is under construction).*

4 *Includes eight principal properties and Dobson Arena (17,000 sq. ft.).*

5 *Includes 38,000 sq. ft. under construction.*

6 *Includes all meeting space in Whistler Village, convention centre and Chateau Whistler.*

7 *Includes 35,000 sq. ft. under construction at Banff Springs. Does not include The Banff Centre, or a planned expansion of the Chateau Lake Louise..*

8 *Number of rooms derived from resort association files or estimated from pillow counts.*

9 *Number of rooms for Vail only.*

10 *Number of pillows derived from resort association files or estimated from room counts.*

A. The Colorado ski resorts

An interview with John Lay, President of Colorado Ski Country USA revealed many interesting facts regarding the markets and potential markets of the Colorado ski resorts.

1. Increases in U.K. visitation are being experienced

As a result of poor snow conditions and the price and transportation competitiveness of North American resorts, many British visitors are starting to frequent North American ski resorts. The Colorado resorts have been beneficiaries of these trends mainly as a result of direct London - Denver flights. These flights are considered essential to maintaining the visitation level being experienced. U.K. visitors are thrifty with accommodation expenditures (6 people/room is common) although they do spend on other areas. This may signify moderately priced accommodation would appeal to this market.

2. The Japanese market is not viewed positively for Colorado

The Japanese market is not viewed as a significant short term or long term market for the Colorado ski resorts. The Japanese are viewed as "observers/confirmers" not "explorers" and therefore, they will not visit destinations they are not familiar with and have not heard of. In order to attract this market, direct air connections are crucial. Colorado ski areas feel the ski market segment is too small to go after as only 10,000 of the 11 to 12 million Japanese skiers ski in the U.S.

3. The Taiwanese, German, Australian, and Italian markets are perceived as good growth areas

In addition to the U.K. market, these points regarding other overseas origins were raised:

- The Taiwanese market looks positive for growth.
- Growth is anticipated from the German and Italian markets.
- Very few French citizens will travel to international destinations.
- The Dutch market looks positive in terms of travel and expenditures.
- Australians are a desireable market due to their propensity to take long vacations (3-4 weeks). Australian travellers are typically families or single men.

4. Customer convenience is a key factor to success

Ensuring that all aspects of a visitor's trip are convenient is one of the key factors to a successful operation. The Colorado experience has shown if convenient transportation is available, people will not complain about having to use buses or cars and the availability of on hill accomodation becomes a less important issue.

In addition to having convenient transportation, individuals must be able to arrange all aspects of vacations with one phone call. These types of systems respond to the needs of skiers, who typically have high incomes and associated characteristics, such as demand for top quality service. The ski industry is starting to lose customers to vacations such as cruises and ensuring convenient vacations is one way to combat the loss.

5. The Summit/Eagle county ski resorts have a number of common factors

The resorts located in the Summit/Eagle County areas include Vail/Beaver Creek, Breckenridge, Copper Mountain, and Keystone. Common factors experienced in all five resort areas include:

- Destination skiers account for 80% or more of skier days. They represent the high end market and spend an average of $145 per day.

- Golf courses are an integral part of these major mountain resorts. Due to the short season most resorts only average 15,000 - 25,000 rounds per summer. Golf courses are considered essential to attracting group and meeting business.

- Although all the resorts are continuing to place more emphasis on summer and shoulder season business, they are finding the concept of a year-round resort more a wish than a reality. All the resorts struggle through fall and spring and summer visitors' per diem expenditures are only 20 - 25% of winter per diems.

- The cooperation and support of airlines is critical to the success of any mountain resort. Direct flights to Steamboat Springs from major U.S. cities has fueled that resort's success. The same strategy was also adopted in Jackson Hole with considerable success.

- A transportation system between the ski areas which allows visitors without vehicles to ski more than one area has benefited all the resorts.

- All the resorts offer a "Ski the Summit" pass which offers consumers the option of skiing different resorts. The revenues from the pass support

the marketing program and the bus system. Coupons which provide free shuttle service to the Arapahoe basin are abailable with the pass so visitors can stay at any resort without requiring a car.

A brief explanation of the markets and facilities in each of the areas is provided as background information below.

a) Vail/Beaver Creek Ski Resorts

Vail and Beaver Creek ski resorts are are located approximately 100 miles from Denver and owned and operated by Vail Associates.

i) Major markets include California, Texas, Illinois and New York

The major U.S. markets include California, Texas, Illinois, and New York. An increase in international visitation has been experienced recently mainly as a result of poor snow conditions in Europe. Vail views the U.K. market positively enough to warrant maintaining a full time sales representative there. The Japanese do not have a major presence in the market although Vail is now getting good name recognition in that country. Vail is seeking to increase this awareness and has a resident sales representative in Japan. Both resorts have a high family component, although the Beaver Creek market is more upscale than the Vail market.

ii) Condominiums are the main form of accommodation

In total there are 25,000 pillows at Vail and 3,300 at Beaver Creek all of which are in a rental pool. These are spread over approximately 90-92 properties of which the majority are condominium developments. There is a Marriott and a Westin hotel at Vail and a Hyatt in Beaver Creek.

There are a wide array of properties available for rent ranging from the Hyatt to the less expensive facilities located up to 5 miles from the village. Hotel and condominium guests not staying on the hill are serviced by a free town shuttle. The shuttle runs every 15 minutes and it takes approximately 20 - 35 minutes to get to the lifts from the furthest point.

The Vail resort has reached its development capacity and therefore, has no plans for expansion in the future. There are several new condominium developments along with two new time sharing condominiums complexes in Beaver Creek.

iii) A variety of winter and summer activities are available

Winter activities include skiing (downhill and cross country), skating, recreational bobsledding, snowmobiling, and shopping. In the summer guests can participate in mountain biking, hiking, trout fishing, horseback riding, white water rafting, tennis (100 courts) and golf. There are five, 18 hole golf courses in the area. Bicycling on paved bicycle routes is extremely popular in the mountain resorts. An average of 300 - 350 bikes/day are lifted to the top of the mountain at Vail and as many as 1,000 have been carried in one day.

The golf market is growing and is anticipated to continue to grow. In recognition of this, Vail has developed an 18 hole putting course and is constructing a 9 hole executive course. The Cordillera Spa (just West of Beaver Creek) is planning to build two additional 18 hole golf courses. There are private homes located around the courses, and additional lodging (i.e. hotels) will be constructed.

b) Keystone Resort

Keystone Resort is 75 miles from Denver. All aspects of the resort, (e.g. land development, and ski hill) are owned and developed by the Keystone Resort.

i) Texas is Keystone's main market

Texas is the main market for Keystone, followed by the midwest States, Southern California, the east coast and the southeastern states. Increasing international interest from the W. German and U.K. markets has been experienced recently.

There are plans to broaden the appeal of Keystone to the east and west coast markets. More dramatic and different construction designs, and increased possibilities for apres ski activities, such as restaurants, nightlife, and health spas, are tactics planned to appeal to these markets. They believe that they are not correctly positioned to pursue the international market at this time, and therefore, have no plans to target this market.

Conferences are an important market component in the shoulder seasons. There is a 58,000 sq. foot conference centre located in Keystone which can hold up to 1,000 delegates seated theatre style. Convention delegates stay both at the Keystone Lodge and in condominiums.

ii) Condominiums comprise the majority of accommodation

There is a total of 1,100 condominiums (5,000 pillows) in the resort, of which 73% are available on a short-term basis through the rental pool. There is one hotel in the area (the Keystone Lodge) which has 152 rooms. Room rates for the high and low seasons respectively range from $95 to $155 (U.S.) per night for a studio to $390 to $550 per night for a 3 bedroom condominium.

The resort is planning three new projects of 120 - 150 condominium units in the next year and 3 - 5 projects in the following year. Several other developments including 2,000 condominium units, a 350 room hotel, several day lodges, restaurants, additional skiing facilities and an expansion of the ski area are also on the drawing board. These projects are going through the approval stages of planned unit development, with a view to adopting a more progressive development strategy than has been exhibited in the last 10 years. There is ample room for expansion - less than 25% of the real estate is developed and less than 40% of the mountain is developed.

iii) Keystone is trying to develop the summer market

Keystone is largely a winter based resort, although they are trying to shift more emphasis toward the summer season. Summer activities include horseback riding, swimming (11 swimming pools), hiking, fishing, tennis and golf. They have one golf course which they actively promote as an integral part of a summer stay.

iv) Several factors contribute to Keystone's success

A number of factors have been identified which have contributed to the success of Keystone. These include:

- proximity to Denver;
- ownership of all aspects of development, which has allowed a consistent image to be projected;
- good skiing;
- conference facilities;
- good service.

c) Breckenridge Ski resort

Breckenridge ski resort is located 85 miles west of Denver. The Town of Breckenridge has a year round population of 2,000. It is an historic district which in the 1960's was a dwindling ghost town. It is now a world class resort due to the development of the ski resort.

i) Dallas and Chicago are the main origins of air travellers to Breckenridge

The main origins of air travellers are Dallas and Chicago, while the midwest, North Texas, Oklahoma, and Kansas states are important rubber tire markets. Visitors from these markets are definitely upscale. Denver, Boulder and Colorado Springs are important local markets. There have also been increases in international visitation at this resort due mainly to poor ski conditions in Europe. A Japanese company (Victoria Vacations Inc.) has recently bought the Breckenridge ski hill which resulted in considerable publicity. The purchase has also resulted in major cash injections for the resort resulting in, plans for $20 million in new facilities and the development of the one-stop booking system. Although Japanese businessmen have invested in the area, Japanese travellers are not well informed about Colorado as a destination, and therefore, operators see limited expansion potential from the Japanese market over the next five years.

ii) Breckenridge can accommodate up to 22,000 people

During the spring and fall this resort actively promotes the convention market. Although there is no central convention facility, three of the main properties have meeting facilities. Up to 22,000 people can be accommodated in Breckenridge in a combination of condominiums, bed and breakfast establishments, private homes and the Hilton. There are 40 management companies involved in accommodation rentals at Breckenridge.

In terms of development, two major properties are planning to increase their convention facilities, and a European style hotel/chalet is to be constructed this summer (50 - 60 rooms). In addition, they are building a recreation centre for both locals and tourists, and planning to build additional employee housing.

iii) Summer visitation is growing at a faster rate than winter visitation

Breckenridge is mainly a winter resort which is also trying to increase summer visitation. Summer visitation is increasing at a faster rate than winter visitation, even though record skier visits have been experienced in the last six years. During the summer season, biking on approximately 40 miles of paved bike paths to Vail and other resorts, hiking, camping, other individual outdoor sports, and golfing are possible. Other efforts to improve summer visitation include improvements to the quality of rental equipment available, and hosting summer festivals and arts and crafts fairs.

iv) Economic development and planning guidelines have been enacted

The Town of Breckenridge has tried to provide more economic opportunities and stable year round visitor base by enacting zoning regulations to discourage the development of condominiums and encourage hotel/motel construction. The rationale for this action is that condos simply provide more bedrooms with no amenities, whereas hotels provide amenities and convention facilities. Hotels cannot afford to sit empty part of the year and will do more marketing and promotions to increase off-season tourism.

Obtaining control of the land was extremely important to mountain and resort planners. All new developments in Breckenridge must undergo an extensive regulatory review to ensure they preserve the historic integrity of the new town. The architectural controls go so far as to stipulate the type and intensity of building colours. Considerable pressure has been experienced to allow the redevelopment of land on which existing historic buildings are located to the maximum allowed zoning densities. However, the regulatory review process has helped ease the pressure put on town planners by developers and preserve the historic integrity of the town which is a very important component of its marketing efforts.

v) Breckenridge's historic atmosphere is one of its success factors

The factors that have contributed to the success of Breckenridge include its location, proximity to Denver, and its historic atmosphere (Breckenridge is the largest continuously occupied historic town in the U.S.).

d) Copper Mountain

Copper Mountain is a very challenging ski resort which experienced 750,000 skier days in 1989. Skier days decreased by 76,000 from 1988 to 1989 as a result of a price increase, however, revenues increased as a result of this action.

i) Dallas, Chicago and South California are Copper Mountain's main markets

Dallas, Chicago, South California, North East U.S., and S.E. U.S., in declining order, are their main market origins. The U.K. is an important European market, and increases are also being experienced from the Australia and New Zealand markets.

As with the other Colorado ski resorts, Copper mountain is mainly a winter destination which suffers in the summer. Their major summer clientele consists of meetings and conferences and corporate groups. They currently have 10,000 square feet of meeting space with an additional 35,000 square foot day lodge/conference centre under construction.

ii) The average age of skiers has increased

Seven to eight years ago Copper Mountain was mainly a day ski area with 70% local visitation. Currently, 70% of visitation originates from the destination market (which is slightly less than Colorado's overall percentage of destination skiers—70% to 80%) and repeat business comprises 86% of their visitation. In addition to the origin change, the age of their average skier has increased from 18 - 24 seven to eight years ago to approximately 34 at present.

The better educated, higher income destination travellers demand better services and more facilities. To meet the needs of this market Copper Mountain has developed, at considerable capital cost, more non-ski activities such as an athletic club, indoor tennis, racquetball, swimming and nightlife facilities.

iii) Hotel accommodation would be the first priority if starting over

Mr. Mosgrove, President of Copper Mountain Resort indicated if he could start the resort all over he would build a hotel first, not condominiums, as tourist on-hill accommodation is needed.

e) **Frisco/Dillon**

The Towns of Frisco and Dillon are very comparable to Canmore in that they serve as a service area and low priced accommodation alternative to the major ski resorts. Frisco and Dillon presently have 8,000 beds between the two, of which 80% are rented out.

Frisco has a bed base of approximately 4,000 which consists of accommodation for resort employees, second homes and condominiums, and economy hotels.

The most important attributes of Frisco are:

- Connection to the interlinking bicycle paths that connect it to resorts up to 40 miles away.
- Dillon reservoir, for recreation opportunities.

The bike trails are developed by all municipalities on a shared cost system. These trails are viewed so positively by the Town of Frisco that they are prepared to make significant financial contributions to the system.

A master plan is now being prepared to develop the waterfront on Dillon reservoir to include a marina for boat access and recreational support facilities.

B. The Broadmoor golf resort

The Broadmoor is a 3500 acre luxury golf resort located adjacent to Colorado Springs, Colorado. It has 550 rooms, of which 375 have been added since 1960. A five year $10 million renovation project is near completion, including alterations to the front desk and lobby area, the mezzanine level, the drug store, 18 tower suites in Broadmoor Main, meeting rooms in Broadmoor South and the main golf club.

1. The Broadmoor caters to an upscale market

The Broadmoor mainly caters to the upscale market. Room rates range from $180 - $225 U.S. per night. Green fees from May 1 to November 30 are $45 per day and are $25 per day from Dec. 1 to Apr. 30. Golf cart rentals cost $12.00. There is 100,000 sq. ft. of meeting space available at the resort which supports the high percentage of guests derived from the meeting market (70%).

The Broadmoor's priority geographic market, outside of Colorado, is Illinois. A small portion of their guests are international, the majority of which are German.

Increasing interest from the Japanese market has been displayed (more so from an operating/ownership perspective than as visitors), however the resort is planning to aggressively pursue the Japanese market with golf tour packages.

2. Golfing is one of the many activities available at the resort

The Broadmoor is mainly a summer resort. In addition to golfing, they offer the following activities: skeet and trap shooting, horseback riding, white water rafting, tennis (16 courts), swimming (3 heated pools), ice skating, fishing, hunting and hiking. Ice skating is available at the World Ice Arena, (capacity 4,000 people) which is where the Olympic figure skaters train. A small ski hill, run by Vail Associates, and located near the resort is the main recreational activity in the winter. Indoor tennis, ice skating and golfing (one golf course is kept open year-round) are also also available. Within the hotel there is an authentic English pub, a movie theater, 19 specialty shops, and a carriage museum. There are 15 sightseeing tours available from the hotel.

The three top rated 18 hole golf courses at The Broadmoor are private and play is restricted to resort guests and club members only. The designers include Robert Trent Jones Sr., Donald Ross and Arnold Palmer. Although not the only important selling feature, the designers names are used in promotional material.

3. The high quality of the resort is a major factor in its success

Factors seen to contribute to the success of The Broadmoor include the high quality of guest services, high quality golf courses and the European ambiance of the hotel.

C. The Columbia Valley

The Columbia Valley is mainly a summer destination where outdoor activities and sightseeing are the main activities for visitors. There are two major resorts in the valley: Panorama Ski and Summer Resort, and Fairmont Hot Springs. Panorama has typically had a winter focus although they are placing more emphasis on summer activities, while Fairmont is more oriented to summer travel, with golf, tennis and hot mineral pools being the major draws.

1. Columbia Valley's main geographic markets are Western Canada and Washington

The main geographic markets of the Valley are Alberta, British Columbia, and Washington. Visitors stay an average of 2.7 days and the average party size is 2.8 individuals. Almost 100% of the travel to the region is rubber tire.

The main purpose of travel to the region is:

Touring	63%
Outdoor trip	37%
Visit friends/relatives	35%
Resort	23%
Wilderness/adventure	12%

2. Average accommodation occupancy levels are lower than the provincial average

There are 1,348 rooms in the valley, of which the major resorts account for 53%. The Best Western Radium Golf Resort has 126 rooms, although recently announced expansion plans call for a 240 room hotel and convention facility on the mountain at the Best Western site. The Panorama and Fairmont Hot Springs Resorts have 355 and 236 rooms respectively. On average, the Columbia Valley resort hotels experience lower occupancy levels than British Columbia excepting the months of July and August. Occupancy rates for the Columbia Valley and British Columbia are displayed in Exhibit II-2.

Exhibit II - 2
Comparative occupancy figures for Columbia Valley resort hotels and British Columbia

Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Yearly Total
Columbia Valley												
29	51	53	53	68	72	86	89	78	59	26	29	57.0%
British Columbia (provincial average)												
53	65	66	67	72	77	85	88	81	67	51	46	67.0%

Source: Trends in the Hotel Industry - British Columbia, 1989 Annual, Pannell Kerr Forster

3. Panorama is trying to create more summer demand

Panorama has typically had a winter focus and is trying to shift their market towards the summer season. Activities such as tennis, film festivals, live theatre, summer music festivals, and children's programs are being used to attract visitors during the summer season. They have been quite successful with packaged adventure products including such activities as: white water rafting, rock climbing, mountain biking,

fishing, horseback tours, guided wilderness tours, heli-skiing, and heli-sightseeing. Summer visitation is approximately half the level of winter visitation - 70,000 visits vs. 130,000 skier visits per year.

4. Additional conference facilities and golf courses are planned

Fairmont Hot Springs has two 18 hole championship golf courses which average 35,000 rounds per course over the 7 month playing season. Other amenities offered include:

- 10,000 sq. ft. of hot springs pools.
- Tennis, racquetball and squash courts.
- Helicopter hiking and sightseeing.
- Exercise and fitness facilities.
- Massage therapy programs.
- Conference facilities for up to 350 people.

Future plans for expansion at the Fairmont Hot Springs Resort include 280 rooms, a 400 seat dinner theatre and retail shopping space. In addition, openings are planned for 1992/93 of a 600 person convention and conference facility and a third 18 hole golf course. Panorama is also planning to open an additional 18 hole championship golf course in 1993.

5. Non-residents comprise the major golf market

A large majority of the golf played in the Columbia Valley is played by non-residents (90%). Albertans are attracted to this area due to the long playing season (7 months) and mild climate. There were approximately 170,000 rounds of golf played on 90 holes in 1989 averaging 35,000 rounds per 18 holes. Proposed golf course expansions in the area include:

- Expansion of the Best Western Radium Golf Resort. An additional eighteen holes are planned and the existing course will be rehabilitated.
- Athalmer Marina, hotel and golf course (Windermere Lake).
- Windermere Lions Club.
- Panorama resort golf course.

D. The Flathead Valley

The Flathead Valley located in Montana is mainly a summer destination which emphasizes outdoor activities. Recreational activities include the opportunity to golf one of the 7 championship golf courses in the valley, the ability to partake in outdoor oriented activites in Glacier International Peace Park (located nearby) or engage in a number of other recreational activities available in the valley (eg. boating or fishing on the Flathead Lake).

1. The rubber tire market is important to the Flathead Valley

The main geographic markets for the valley (in descending order of importance) are Alberta, Saskatchewan and the Pacific northwest. The main mode of transport is rubber tire (80%) while air travel accounts for 17% of the market.

The main attractions to the area during the summer and winter are shown in Exhibit II - 3 below:

Exhibit II - 3
Main attractions to Flathead Valley, by season

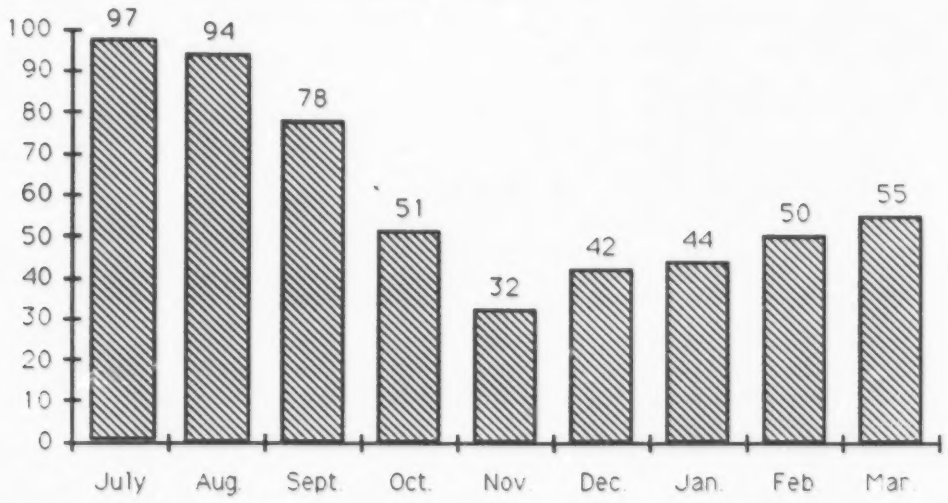
Summer		Winter	
Scenery/Landscape	76%	Skiing	73%
Golf	11%	Scenery	25%
Water Sports	4%	Other	2%
Friends & Relatives	2%		
Meetings	2%		
Fishing	1%		
Other	4%		

Source: *Flathead Valley Convention and Visitors Association (FVCA) Winter Visitor Survey, 1988/89 Season, FVCA Summer 1989 Survey*

2. Accommodation is targeted to the mid-range market

There are 2,803 rooms in the Flathead Valley which are priced to appeal to a mid-range market. The average room rate in the valley is $40 to $50 U.S. The lowest occupancy levels are experienced from October to March. Occupancy rates from July 1989 to March 1990 of a representative sample of accommodation facilities (excluding accommodation facilities at Big Mountain) are shown in Exhibit II - 4.

Exhibit II - 4
Occupancy rates for July 1989 - March 1990



Source: *Flathead Valley Convention and Visitors Association, Occupancy Survey of Selected Properties, March, 1990*

3. The convention market is being pursued to increase occupancy rates during the winter and shoulder seasons

The convention/meeting market is being pursued aggressively with efforts to increase the low occupancy rates during the winter and shoulder seasons. The convention market is mainly regional, however, the area is starting to experience increases in international conventions. They expect to see continued growth of their meetings and convention business consistent with the trend towards more conventions being located in resort settings. The main obstacle being faced in the development of the national convention market is a lack of adequate air transportation into the valley. Both United and Delta serve the valley through Glacier International Park airport, however, there is not enough capacity to service large numbers of convention delegates. Within the convention market, growth in family and spouse attendance has been experienced. They are actively encouraging this practice to increase the economic benefits of convention activity.

4. Golf courses are very successful in the valley

Golfing is very popular in the Flathead Valley. In 1988, 300,000 golf days were played in the valley on 7 championship golf courses. This average of 43,000 rounds

per 18 holes is the highest of any of the comparable areas examined. The Flathead Visitors and Convention Bureau feels the level of golf demand is high enough that they do not allocate many resources to marketing this sport in the valley.

Golf tours are not a large component of the golf market in this region. This is mainly a result of golf course operators not wanting to pursue this market due to the booking problems caused by tour groups. Some of the golf courses do offer groups the opportunity to block book, however, the operators prefer this type of business in the early spring and fall.

The two most recent additions to the golf product in the Flathead Valley include Eagle Bend Golf Resort and Meadow Lake Golf Resort. Both of these resorts have accommodation around the courses although their respective market focus is slightly different. Meadow Lake offers fractional timeshare condominiums. Currently, there are 28 condominiums at the resort. The number available through the rental pool varies depending on the owner's usage. The main target market for this resort area is married couples over 30 with household incomes greater than $30,000.

Eagle Bend has 70 privately owned accommodation units which are a combination of single homes and town homes. At present, there are seven units available through the rental pool. Eagle Bend hopes to eventually expand their accommodation to 250 units. More success is being experienced with single home sales than condominiums. This will have some influence on the mix of future development. If land becomes available, a hotel is planned which will cater to the upscale market. The market for the existing accommodation is definitely upscale. The average lot price at Eagle Bend ranges from $40,000 - $150,000 (U.S.) and the homes built range from $50,000 - $400,000 (U.S.).

As with other resort areas, Eagle Bend has incorporated architectural and development guidelines. All new construction must be approved by a review board. Individuals interviewed at Eagle Bend feel that golf courses can be viable economically and if they were to start the resort over, would place less emphasis on the residential component as a means of cost recovery, and more on the golf course. They would aim to do this by capitalizing on the quality of the golf course as a selling feature and planning more exclusive, less dense residential developments.

E. Whistler

The Whistler Resort Municipality is located 75 miles north of Vancouver, British Columbia. Whistler has evolved from a summer fishing lodge in 1915 to a world-famous, four-season resort. The switch from summer to winter recreation began in 1965 with the opening of downhill skiing on Whistler Mountain. A construction boom

occurred from 1979 to 1981 with over $200 million invested into projects, including a second ski operation on Blackcomb Mountain, a new Whistler Resort Village and extensive recreational home subdivisions.

1. The importance of the non-resident market varies by season

The geographic origin of Whistler tourists varies dramatically by season. In the winter, 75% of tourists are non-residents and 25% are from British Columbia. In the summer, 60% are from British Columbia and 40% are non-residents. Exhibit II-5 highlights tourist origin for the most recent year. Washington, Ontario, California and Japan are the top four markets outside of British Columbia.

Exhibit II - 5
Origin of Whistler tourists (1987)

	Winter	Summer
British Columbia	25%	60%
Alberta	2	2
Ontario	14	8
Quebec	6	1
Other Canada	1	2
Washington	19	10
Oregon	1	2
California	8	3
Other U.S.	4	-
Japan	6	11
Australia	1	-
Other	13	-

Source: *Whistler Resort Association, 1987*

2. Whistler offers a wide variety of facilities and activities

The pedestrian-oriented village integrates commercial accommodation, restaurants, retail and office facilities within a consistent architectural theme. An 18-hole Arnold Palmer-designed golf course opened in 1983 and the 35,000 sq. ft.Whistler Conference Centre commenced operations in 1985. The Village now features over 2,400 rental rooms (hotels, condos, pensions), 33 restaurants, 15 nightclubs and over 41,000 square meters of developed commercial space. Almost $600 million has been invested in Whistler since the early 1960's.

Blackcombe and Whistler Ski Mountains together offer 27 lifts, 171 ski runs, and the two largest lift-serviced vertical drops in North America. Skier visits have increased nearly every year, growing from 87,700 in 1968/69 season to over 1.2 million this last season. This is likely to increase considerably when Whistler implements its approved Village North Lands expansion.

F. Lessons from comparable areas

1. The Bow-Canmore area should have one planning/coordinating body

A planning and coordinating body was cited as one of the factors that must be incorporated to ensure successful development of the Bow-Canmore area. The lack of such an organization was cited as a past failure by the Colorado comparables and this function has since been incorporated into their overall structure. Whistler, responding to other resort destinations, incorporated a central planning body at its inception while the Flathead Valley indicated the lack of county wide planning was resulting in undesirable developments and such an organization could contribute to consistent planning throughout the valley.

2. Architectural control is essential for any resort area to project consistent images and themes, and enhance continuity

The need for architectural guidelines is linked very closely with the necessity for one central planning body. Individuals interviewed indicated that the projection of consistent themes and images is very important to generate consumer awareness and recognition. Architectural control guidelines are in place at the resorts in the Summit and Eagle Counties, Whistler, and Eagle Bend in the Flathead Valley. The Columbia Valley and other developments in the Flathead Valley do not have architectural guidelines.

3. Convention and meeting facilities are essential to stimulate demand in shoulder seasons

The comparable areas reviewed experience the majority of their visitation in one season of the year (either summer or winter), moderate visitation in the opposite season and very low visitation in the shoulder seasons. All of the resorts realize the achievement of the "four season" designation is a very difficult goal to attain due to the lack of travel in the shoulder seasons. The spring and fall climates are often not conducive to outdoor activities making it very difficult to attract individuals during these seasons.

The one market which does generate significant levels of travel during the shoulder seasons is the meeting and convention market. Due to its seasonality and economic

spin-offs, this is a very competitive market. However, it is seen as one of the markets with the most potential to increase shoulder season visitation. The inclusion of meeting and convention facilities in any development in the Bow-Canmore area will be necessary to increase visitation and economic benefits during the shoulder seasons.

4. Golf courses are necessary to attract group and meeting business

Not only is the provision of meeting facilities important to attract the meeting and convention market, the availability of recreational facilities is another important component in the meeting location decision. Individuals interviewed at the comparable locations indicated that golf courses were necessary to attract the group and meeting business. The meeting and convention business will be very important to the developments of the Bow-Canmore projects, therefore, facilities which plan to cater to the convention/meeting market should ensure they can supply access to a golf course.

5. The cooperation and support of airlines is critical to the success of any mountain resort

A number of the comparable areas indicated that the key to a successful resort destination is ease of access. Experiences at Steamboat Springs and Jackson Hole, which were both able to significantly increase their visitation after making arrangements with airlines to increase the frequency of service, show the effect of increased airline services. Currently the Colorado resorts have far greater levels of air service than Banff/Bow-Canmore has via Calgary. For example, non-stop flights to Denver are available from 64 major U.S. cities, whereas, only 10 major Canadian and 6 U.S. cities are served by non-stop flights to Calgary. The availability of air transportation will become increasingly important as a greater proportion of the pleasure travel market travels by air and international visitation commands an increasing share of total visitation. Air service will be particularly relevant to the Bow-Canmore area if the Asian markets are to be developed further.

6. Golf courses should be developed with their cost recovery potential in mind

Individuals involved with Eagle Bend golf resort indicated that golf resorts could be developed with more emphasis placed on the cost recovery potential of golf courses. Typically golf courses in Alberta are constrained by a short playing season, and thus, have limited opportunity to be profitable. However, if residential/resort developments are planned in conjunction with the golf course, the golf course can induce demand for the residential development or accommodation and result in higher prices than would have been realized otherwise. Thus, the golf course can help the developer realize greater capital recovery than would have been possible without it.

7. Good internal transportation systems must be provided for visitors

The Summit and Eagle County comparables have realized that joint marketing and visitor services help all of the resort destinations equally. If the Bow-Canmore area is to develop and compete effectively with other international destinations, a transportation system which provides access to all the major attractions in the region must be developed. A transportation system would require regular transportation between the 5 major ski resorts and access to Banff and Lake Louise at minimum. In addition, access to sites such as the Bow Falls, Minnewanka Lake, the icefields etc. could also be implemented.

8. Central booking agencies should be implemented

In response to decreasing leisure time and demands for greater convenience when making travel arrangements, the Summit and Eagle County resorts are implementing a central reservation system. This new system, seen as the best way to serve the consumer, allows individuals to book any type of activity and/or accommodation combination ahead of time. The need and desire for information about the destination individuals may visit is seen as the driving force behind this development.

9. A mix of accommodation should be developed to achieve maximum economic benefits in a resort destination area

The mix of accommodation development can have a significant effect on the level of economic benefits derived in an area. Large amounts of second home development, while providing a stable year-round weekend base for local retailers and restaurants, does not provide the same level of economic impact that hotels and resorts contribute. The town of Breckenridge has had to address the problem of large numbers of second homes which do not provide enough activity year-round by enacting zoning regulation encouraging hotel development.

Development in the Bow-Canmore area should have a mix of accommodation which provides the maximum economic benefit. Second homes should be developed to provide a stable year-round weekend base, while hotels are necessary to attract greater numbers of individuals during the week and in shoulder seasons.

III

Market Demand Trends

In this chapter emerging tourism trends from a consumer demand perspective are highlighted. These highlights include brief discussions of the expected accelerated growth in world tourism, changing tourist characteristics and demands, and forecast arrivals to Canada and Alberta by main market origins. Detailed forecasts of visitation by origin are outlined in this chapter, actual visitation and percentage changes are displayed in Appendix A.

A. World Tourism Markets/Trends

1. World tourism will continue to grow in the 1990's

Tourism has been one of the world's fastest growing industries and is expected to continue growing in the 1990's. Tourism is expected to become the world's largest industry, worth $3 trillion per year by the year 2000. To support the growth in world tourism through the 1990's large capital outlays for both commercial aircraft and airport development and expansions will be required. Boeing Corporation estimates that $250 billion will need to be invested for new aircraft and $90 billion in air terminal expansions by the year 2000 in order to accommodate the expected increases in world tourism demand. Anticipated growth of the tourism industry is illustrated by the following facts published by the World Tourism Organization:

- World tourism has grown at an average annual rate of 3.7% since 1950.
- International tourist arrivals have grown every year since 1950, except 1982 and 1983.
- New records of world tourism volume and receipts were set in 1987.
- Total worldwide spending for domestic and international tourism was over $2 trillion and represented about 12% of the world's economy in 1987.
- Spending for world tourism exceeds the GNP of any country except the United States.

- The world is experiencing a period of political stability never seen historically and this will likely contribute to further travel demand.

- Continual increases in airline traffic and auto registrations, further signal an increase in tourism.

2. Consumer trends of relevance to tourism in the 1990's

a) Consumers will become increasingly environmentally conscious

As the world becomes more developed, individuals everywhere are becoming more aware of the negative effects of industrialization on the environment and social structures. As a result people are starting to question growth for growth's sake and are, in particular, questioning tourism developments in environmentally sensitive areas and countries with unpalatable social policies such as South Africa. In the future greater efforts to minimize the impacts of tourism both on the natural environment and the residents of the community will be seen.

b) The 1990's will see the emergence of the convenience oriented, value conscious travel consumer

As a result of decreased leisure time, people will increasingly make the following demands on the travel industry:

- Better value for the time and money spent.

- Greater consumer convenience for planning and booking holidays (reduction of the time and stress necessary in vacation planning presently).

- Better communications and information regarding price, quality, and facilities offered.

Consumers will become more educated and discerning regarding the available travel product. They will continue to set higher standards in value for money spent and demand better and more accurate travel information and one stop shopping in the future.

c) Travel will become necessary to reduce stress

The same forces that are creating more value conscious consumers are also causing people to become more dependent on travel. People with time constraints and very demanding lives at work and at home are beginning to find travel necessary to pursue rest and relaxation because it allows them to

escape the everyday routine and rejuvenate themselves. Although the majority of people still view travel as a luxury, rest and relaxation is now the top reason for travel by U.S. residents as indicated in The Travel and Leisure Study: A Survey of Travelling Americans (Louis Harris & Associates, 1989).

d) Visiting friends and relatives will remain an important vacation motivator

Travel for the purpose of visiting friends and relatives has been a very strong motivation in the past and it will continue to represent a large share of the market in the future. As families become spread out more to meet employment needs, travel will become more prevalent to visit friends and family. Again, as a result of time constraints, people will increasingly find it necessary to combine pleasure with VFR travel and business travel.

e) Trip duration will change with the aging of the population

For much of the 1980's the tourism industry saw an increase in the number of individuals taking short duration trips as weekend getaways became a means to escape the stress of everyday life. In the next 10 - 20 years weekend trips will continue to play an important role in leisure as weekend trips are often the only time dual income households can find time to get away together. In the next 20 to 25 years an increase in the number of long stay trips should begin to be experienced as the aging population finds itself with more available leisure time. Whether this means that the absolute number of weekend trips will decline is difficult to say, but proportionally long stay trips should begin to make a greater relative contribution to total trips. There will also be a gradual shift towards longer trips as individuals begin to place a higher priority on the quality of their leisure time. Opportunities to explore different destinations and become immersed in local cultures will also become increasingly important.

f) Demographic factors will, as always, influence spending patterns

Western societies are increasingly starting to see a growing gap between the wealthy and lower class. The old adage of the "rich getting richer and the poor getting poorer" is becoming more evident.

Changing family structure has resulted in the emergence of households with no children and very high levels of disposable income. Unencumbered by child-care and financial responsibilities, these individuals comprise an important segment of the frequent traveller market.

The importance of this segment to the travel industry was highlighted in an article published in the Journal of Travel Research (Spring, 1987) entitled "Profiling the Heavy Traveller Segment". This article revealed:

- 17% of adults made 69% of total round trips (over 100 miles one way) from home in 1984.
- 4.1% of adult Americans made 70% of total adult airline trips for both pleasure and business travel.
- 3.5% of U.S. adults made 48% of total foreign trips.
- Less than 10% of U.S. adults account for more than 50% of total guest nights for personal or business purposes.

Although the above figures are based on 1984 data, current research has revealed no significant changes have occured in the importance of this segment in more recent years. The travel industry is responding to the above trends by trying to attract the frequent traveller many of whom fall into the above group (i.e. high income/no kids). The emergence of frequent flyer programs combined with incentives offered by hotel companies and car rental firms are among the marketing techniques used to encourage brand loyalty from the frequent traveller. Frequent travellers have the following characteristics:

- College graduates.
- Professionals or managers.
- $50,000+ household income.
- Heavy print readers.

3. Implications for the Bow-Canmore area

Based on the trends outlined above, the following will have an impact on the development in the Bow-Canmore area.

- The time and value conscious travel consumer will demand quality facilities in the Bow-Canmore area at a reasonable price.
- Future consumers will increasingly want a central agency capable of coordinating bookings for all facilities and services to alleviate the time constraints faced in making travel plans.

- As the population ages more opportunities to market Bow-Canmore in the shoulder seasons should occur.

- Frequent travellers will be increasingly harder to convert to repeat customers as they continue to seek new travel experiences. Increased marketing expenditures will be necessary to maintain demand from this segment. This will be particularly true of visitors from international and long haul domestic origins.

- Growing concern for the environment will cause more people to seek vacations in areas which are environmentally clean and which provide an opportunity to experience a wilderness or at least unspoiled environment. This should provide increasing market opportunities for the Bow-Canmore area.

- The Bow-Canmore area should also be able to capitalize on the growing interest to travel for rest and relaxation. The world's growing urban population will find areas such as Bow-Canmore an attractive contrast to hectic and heavily developed urban environments.

- Visiting friends and relatives has traditionally been among the top reasons why people travel. This will undoubtedly continue in the future and the Bow-Canmore area may be able to capitalize on this as people travel to southern Alberta to visit family and friends or arrange family reunions and other social gatherings at resorts in the Bow-Canmore area.

- Differing demands by income segment will force operators in the Bow-Canmore area to concentrate on the market niches they can best serve. Individuals in the upper income levels will demand high quality facilities and service levels consistent with their expenditure patterns and tastes while lower income individuals will look for value and services consistent with their budget.

B. Canadian travel within Canada

Canadians travelling in Canada are Canada's largest tourist market. As indicated in Exhibit III - 1, Canadians travelling within Canada have accounted for at least 80% of the over-night person-trips taken by Canadians for the years 1985 through 1987. Due to the market size of Canadians travelling in this country, any fluctuations in vacation intentions could have a large effect on tourism levels in all parts of Canada. Trends in Canadian pleasure travel are highlighted as they will have a corresponding effect on travel by Albertans and to Alberta.

Exhibit III - 1
Canadian destinations—1+ night person-visitors ('000's)

	1985	1986	1987
Canada	65,281	95,275	77,000
U.S.	10,721	10.793	12,253
Europe	1,235	1,131	1,215
Africa	34.5	29.7	31.8
Asia	121.9	141.7	156.2
Central America	9.2	6.9	10.6
Bermuda/Caribbean	473.8	486.7	529.6
South America	59.8	107.4	174.8
Other	255.3	287.9	410.4
Total	78,191.5	108,259	91,781.4

Source: *Statistics Canada, Touriscope, Catalogue #66-201, Travel Between Canada and Other Countries, 1985, 1986, 1987*

1. Tourism Canada is forecasting a decrease in domestic visitation

Due to the expected economic slowdown in Canada coupled with high interest rates, Tourism Canada expects fewer Canadians to take domestic vacations in 1990 and 1991. The decline in domestic travel will be a result of lower disposable income levels by more Canadians and greater efforts to use savings to reduce debt levels rather than consume goods and services. Overall, Tourism Canada is forecasting increases of only 1.8% in 1990 and 1.6% in 1991. These forecasts are quite conservative in light of the 5.4% and 14.7% increases experienced in domestic visitation from 1986 to 1988 and 1984 to 1986 respectively (Canadian Travel Survey, Tourism Canada).

2. Changing economic conditions may cause a shift in travel patterns which will negatively affect travel within Canada by Canadians

Canadian travel in Canada may be adversely affected by the implementation of the goods and services tax (GST), as well as, and the slowdown of the economy in eastern Canada. The Canadian Travel Intention Survey conducted by Tourism Canada revealed more residents plan to travel outside of the country in response to these factors. Imposition of the GST may cause the U.S. to become a popular destination for Canadian residents because of its proximity and the perception of many Canadian residents that food, accommodation and shopping are less expensive there. Higher prices caused by the GST may emphasize Canadian

perceptions that they receive higher value for their travel dollar in the U.S. and cause them to travel to U.S. destinations rather than Canadian destinations. Europe could also become a popular destination with Canadian residents due to the recent strengthening of the Canadian dollar relative to European currencies. Of course, Europe offers the additional opportunity to engage in unique cultural experiences.

On the other hand, there are positive factors that are encouraging more resident travel within Canada. These include:

- An increase in the number of Canadians who take more frequent shorter vacations.
- The increasing popularity of getaway holidays with baby boomers who find themselves short on time.
- An expected decrease in disposable income growth making international trips less affordable.
- A slowdown of the economy in eastern Canada (people generally holiday closer to home when economic conditions are poor).

3. Characteristics of Canadian travellers are changing

a) Hotels and motels experienced increased use in the 1980's while camping accommodations declined

The use of hotels and motels increased from 15.3% in 1980 to 20.1% in 1988 (Touriscope, 1988, Domestic Travel). Of the accommodation use measured, hotels and motels were the only accommodation facility to experience any increase throughout the 1980's. Campgrounds and trailers courts, on the other hand decreased to less than 22% of the market, while the use of homes of friends and relatives had a fluctuating pattern very closely related to the economic conditions during the years. Visiting friends and relatives related accommodation seemed to increase during periods of poor economic growth and decrease when the economy improved.

b) Canadian pleasure travellers are becoming older, better educated, and travelling more without children

The comparison of statistics from the 1980 Canadian Travel Survey and the 1988 Canadian Travel Survey revealed the following trends in the Canadian travelling public:

- The age distribution of pleasure travellers has shifted toward the older traveller. From 1980 to 1988 travel by the 15 - 24 age group has decreased 8% while travel by the 35 - 44 and 65+ age groups

has increased 4% and 3% respectively. These changes in travel patterns are actually larger than the changes in the age cohort populations during the same time period. From 1981 to 1988 the 15 to 24 age group decreased 3.8%, the 35-44 age group increased 2.8% and the 65+ age group actually decreased 1.4%[1]

- Fewer children are accompanying adults on overnight pleasure travel trips. This trend is the result of families having fewer children. There were declines in the number of children in every age cohort up to the age 25 from 1981 to 1988.

- A 10% increase in the share of the pleasure travel market was accounted for by adults with post-secondary education. This actually represents a 5.8% real increase as the number of Canadians with some post-secondary education increased 4.2% during the same time.

- Pleasure travel trips are becoming shorter - 4.3 nights in 1988 in comparison to 5.0 nights in 1980.

- People are travelling shorter distances on their pleasure travel trips.

- The share of pleasure travel of the whole travel market has decreased from 45% to 38% of total travel from 1980 to 1988.

Overall, a trend toward closer to home, shorter pleasure travel trips taken by older adults who are not accompanied by children is being observed. Many of these adults are professionals with higher education.

c) Older travellers are accounting for an increasing share of the domestic market

The market share of Canadian pleasure travellers 65+ increased from 4% in 1980 to 7% in 1988. This trend toward more pleasure vacations will continue with the aging of the population. While pleasure trips are becoming shorter, the longest pleasure travel trips were recorded by the 55+ age group. The continuing importance of this longer stay segment of the pleasure trip market will have a profound impact on facility and program planning in the tourism field in the 1990's.

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[1] *Based on census 1981 and 1986 data. Census data from 1976 indicate a 0.4% decline in the 15 - 24 age group and a 0.9% increase in the 35 - 44 age groups between 1976 and 1981. Therefore, there should not be a significant difference between 1980 and 1981 age cohorts.*

4. Implications for the Bow-Canmore area

Shifting demographics and traveller characteristics among Canadian travellers will have significant implications for developments in Bow-Canmore. The trend currently being observed toward less frequent travel by parties accompanied by children may mean a continued decrease in demand for vacation facilities popular with families, such as campgrounds, and increased market opportunities to develop "adult only" resorts. Higher demand on facilities which address the security and comfort needs of older travellers will be observed in the next 20 or 30 years with the aging of the baby boomer group.

Older travellers will continue to make up a large proportion of the travel market. In addition to their security and comfort needs which will require more roofed accommodation inst ad of camping, older travellers represent an opportunity to attract longer staying visitors. The design of accommodation facilities may need to reflect the desires of longer stay visitors over the next 20 years by including residential features ranging from in-house coffee makers and refrigerators through to kitchenettes, all suite or town house type of accommodation units.

The trend to increasing use of hotels and motels combined with a decrease in use of campgrounds and trailer courts is being driven partially by the increasing number of baby boomers who are reaching middle age. However, as explained in subsequent sections of this report, this does not necessarily suggest that the number of campsites may need to be reduced, but rather that the level of development and amenities offered will need to be enhanced over the next decade.

The continuing dominance of the automobile combined with shorter trips which are closer to home will make the resident market increasingly important to the short term success of any resort developments in the area. In the Calgary resident survey (see Volume II for complete report and detailed tables), Calgarians indicated they are most interested in moderately priced accommodation, time share units and semi-serviced campgrounds. Although a majority of individuals mentioned a preference for wilderness type campgrounds, this finding should be used with caution as the exact definition of the campground types was not given during the interview. The Canadian Parks Service, Western Region Camper Survey Market Assessment (Wood Bay Consulting Group Limited, October, 1989) found residents of Western Canada prefer campsites which offer privacy in a natural setting. Wilderness campgrounds may have been misinterpreted as natural campgrounds.

While the Canadian market will be key to the early success of the Bow-Canmore area, the slower growth anticipated in this market will mean that tourism operators in the area will need to rely increasingly on the international market for growth and/or aggressive presentation within the Canadian resident market. Special promotions with the Canadian market such as discounts for seniors to encourage

longer stays, special events such as cultural festivals and spa type developments may be required to increase visits from Canadian travellers.

C. Canadian visitation to Alberta

1. The Alberta Tourism Economic Impact and Forecasting model predicts an increase in domestic travel of approximately 1.5%

Based on historical visitation within Alberta, the Alberta Tourism Economic Impact and Forecasting model predicts Albertans travelling within Alberta will increase approximately 1.5% through 1994. This model also estimates that Canadian visitation in the province will grow at an increasing rate from 1% in 1991 to 1.5% in 1995. These estimates are very closely aligned with the Tourism Canada estimates of inceases in Canadian travel of 1.8% in 1990 and 1.6% in 1991.

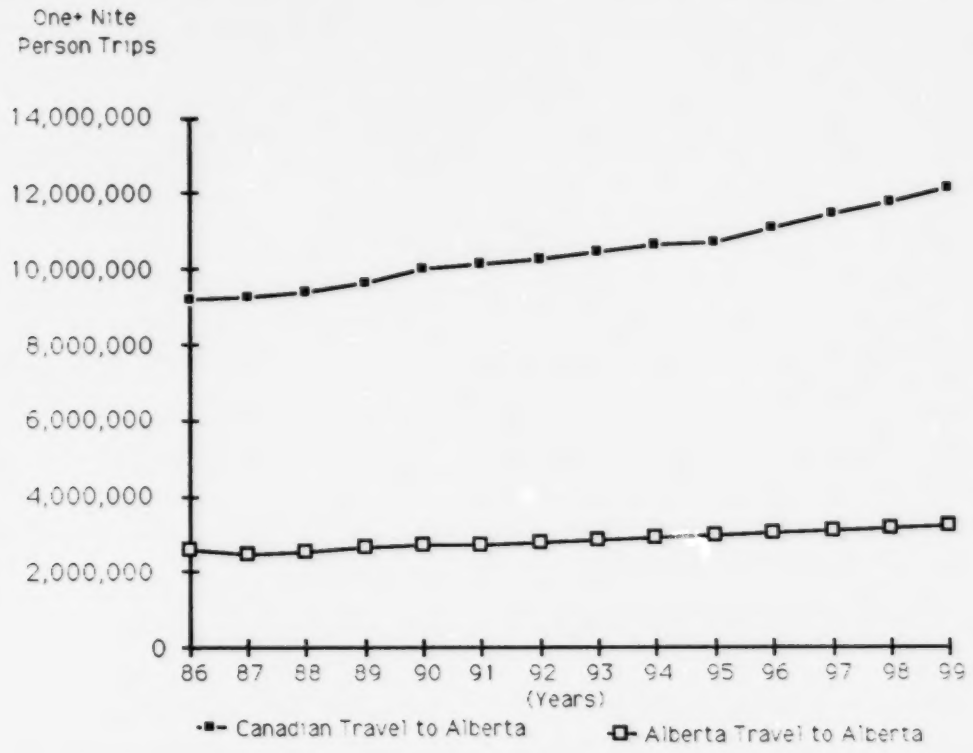
2. Factors affecting Canadian travel will also affect Alberta visitation

Visitation to Alberta will be adversely affected by the implementation of the GST, pent-up overseas travel demand, and the opportunity to travel less expensively in the U.S. However, Alberta will experience a slightly higher increase in domestic visitation than Canada overall due to the good prospects for its economy and the historical interest shown by other Canadians and Albertans travelling to and within Alberta. In the 1980's Alberta, along with Newfoundland, Ontario, and British Columbia, experienced some of the largest increases as an origin and destination for Canadian travellers.

3. Revised forecasts indicate Canadian travel in Alberta will increase 2.5% per annum

The positive factors outlined above indicate domestic visitation will experience higher increases than forecast by Tourism Canada and the Alberta Tourism Economic Impact Model. Travel by Albertans within their home province, is forecast to increase an average of 2.5% through 1999 and non-resident Canadian visitation is expected to increase 2% during the same time period. Forecasts for visitation to 1999 are shown in Exhibit III - 2 and tables outlining projections are shown in Appendix A, page 181-182.

Exhibit III - 2
Travel forecasts to 1999 for Albertan travel within Alberta



Source: *Peat Marwick Stevenson& Kellogg, Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model*

4. Characteristics of Albertan travellers

In conjunction with this study Canadian Facts conducted a survey of the Calgary resident market and its interest in the Bow-Canmore area. Although the results of this study cannot be taken to represent the Alberta population as a whole, characteristics of Calgary travellers which may impact development in Bow-Canmore are highlighted below.

- Almost one-half of in-province vacationers camped in tents, trailers, campers or motorhomes during vacation trips in Alberta. Other types of accommodation used regularly include staying with friends or relatives and staying in mid-priced hotels.

- Semi-serviced campgrounds have the widest appeal and mid-priced fixed roof accommodation appeals to the largest segment of residents.

- The majority of vacation trips are taken in the summer although 52% also take vacations in Alberta during the winter.

- The winter sport residents indicated they would most often participate in at Bow-Canmore is cross-country skiing.

- The most popular activities Calgary residents enjoy and participate in while on vacation include dining in restaurants, shopping, visiting interpretive centres/exhibits and swimming.

The above are just a sampling of the highlights of the Canadian Facts assessment of the potential of the Calgary market. For further detailed information refer to the Survey of Calgary Residents Regarding Potential Interest in the Bow-Canmore area contained in Volume II.

5. Implications for the Bow-Canmore area

To attract residents of Calgary to the Bow-Canmore area a combination of mid-priced fixed roof accommodation and semi-serviced campsites should be developed. There is a sizeable winter vacation market which could be appealed to through the development of cross-country ski facilities, good dining and shopping facilities.

D. A decline in U.S. visitation can be lessened by targeting specific niche segments

1. Tourism Canada forecasts U.S. visitation to increase 0.6% to 1994 and decline by 0.2% thereafter

Tourism Canada does not feel the U.S. market will choose Canada as a vacation destination in the future to the extent it has in the past. They are forecasting U.S. travel to increase 0.6% to 1994 to reach 12.6 million person-visits to Canada and 1.2 million person-visits to Alberta. Travel is expected to decline by 0.2% thereafter with visitation in 1999 equalling 12.5 million and 1.2 million to Canada and Alberta respectively. The factors which have influenced this forecast were felt to reflect the national situation and therefore, were applied to both U.S. visitation to Canada and Alberta.

2. Economic, lifestyle, and vacation patterns substantiate this forecast

There are a number of economic, lifestyle and vacation pattern fluctuations which indicate the U.S. will be a declining market for Canada and Alberta in the future. These factors are outlined below and include.

- An increase in the number of planned vacations to be taken within the United States by U.S. residents.
- Less favorable exchange rates for American travellers to Canada.
- Declines in the amount of leisure time available leading to increases in the "time value" of travel over the next decade and rising expectations regarding value and return for money.
- Increased travel advertising competition from destinations within the United States. State tourism departments and the private sector within the U.S. are spending more on advertising to keep Americans at home. This competition is making it more difficult for Canada to get its message across.
- The desire for more, shorter vacation trips.
- Implementation of the goods and services tax which will increase the perceived cost of vacationing in Canada even though there is a tax rebate for foreign travellers.

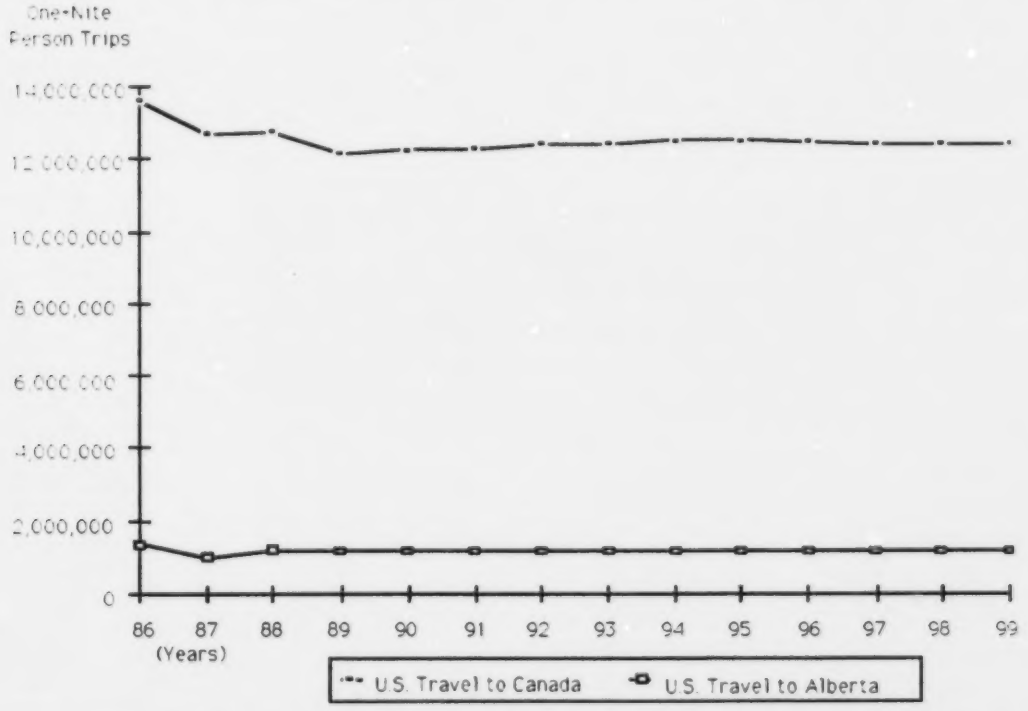
While the prospects for increased U.S. travel to Canada are generally not good for all of the reasons stated above, there is significant potential for destinations within Canada that develop specific products and aggressively pursue specific segments of the U.S. market. Canada is now the top of mind destination among Americans interested in foreign trips. This potential can be converted to increased business from the U.S. if proper development and marketing initiatives are undertaken. The apparent conflict relating to Canada's top of mind awareness and forecasted decrease in visitation lies with the fact that Canada's increased awareness in the United States does not automatically convert to more trips to Canada by U.S. residents. As indicated above, Canada and Alberta will experience the most success by aggressively pursuing specific segments of the U.S. market and developing the desired products and services.

Forecasted visitation by U.S. residents to Canada and Alberta are displayed in Exhibit III - 3 and outlined in Appendix A pages 181 and 182. These forecasts are undoubtedly somewhat pessimistic and do not take into consideration the greater potential the U.S. market holds for specific destinations within Canada like Bow-

Canmore, if specific segments of the U.S. market (such as vacationers interested in activities like hiking and golfing) are targeted.

Of course there are other factors which could also impact on U.S. visitation to Alberta and the Bow-Canmore area including events such as sharp increases in gasoline prices, increased terrorism in Europe or other such occurrences which could be caused by events in the Middle East. However, it is impossible to predict what the effects of such events might be on U.S. visitation to the Bow-Canmore area.

Exhibit III - 3
Travel forecasts to 1999 for the U.S. market to Canada and Alberta



Source: *Tourism Canada, Peat Marwick Stevenson & Kellogg*

3. Characteristics of American travellers affect their vacation destination choices

a) The availability of moderately priced accommodation is important

American travellers are becoming more value conscious and are demanding better quality services and facilities and greater value for their money. Although travel is increasingly being viewed as a means to reduce stress and break away from day to day routines, the majority of Americans still view travel more as a luxury rather than a necessity. Even 85% of frequent travellers want to know exactly how much a holiday is going to cost before they leave home. Almost all U.S. pleasure travellers consider it important that the destination offer "moderately priced, but charming hotels" and "low cost airfare". While these characteristics would understandably be more important for less affluent households, 1 out of 3 Americans with household incomes over $100,000 indicated the availability of these features are very important in choosing a vacation destination.

b) Americans most often take touring trips

The type of pleasure trip most frequently taken to Canada by American travellers is a touring vacation. The touring trip is also the most popular type of trip taken to Alberta by Californians. Touring vacations are generally 8 - 9 days long, use multiple modes and are planned 2 - 3 months in advance. The automobile is, and has been, the main mode of transportation for touring trips and pleasure travel generally. However, recent trends show that air travel is becoming an increasingly important mode of travel for pleasure travellers including those on touring trips. The recent shift toward more air travel is a result of decreasing amounts of leisure time which necessitates faster transportation to enjoy shorter vacations.

As it becomes more difficult for travellers to arrange a two or 3 week vacation period, air travel is being increasingly used on touring trips to save time. As a result touring vacationers are increasingly flying to their main destination area and then renting a car or motorhome to tour the area, then returning home via air. This allows the touring vacationer to see their intended destination area within a much shorter time than if they were to take the entire trip by automobile. As a result fly-drive packages are becoming increasingly important to maintain appeal in the traditional touring vacation market.

c) Rest and relaxation are the top reasons for American travel

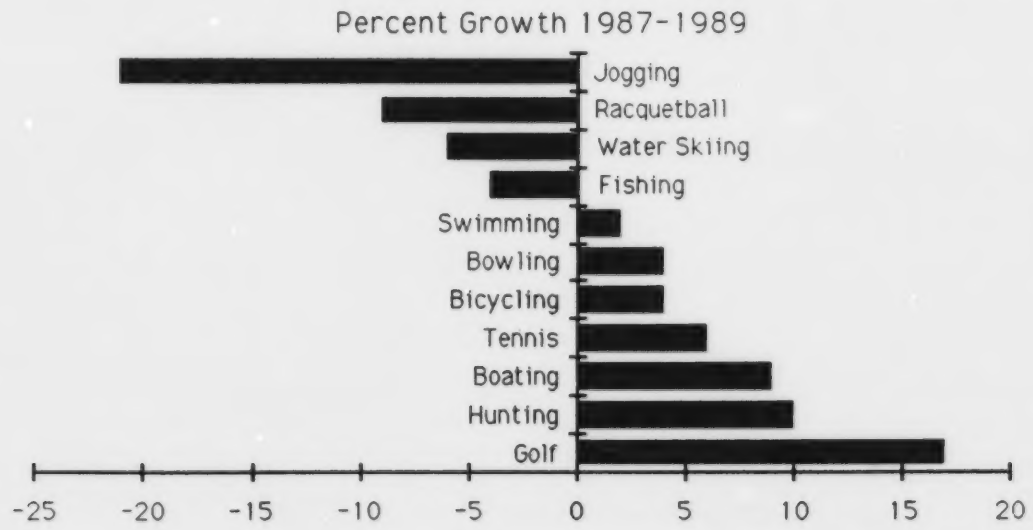
According to The Travel & Leisure Study: A Survey of Traveling Americans the leading reasons for personal travel for 72% of travelling Americans are to rest, relax and recharge their batteries. They also want to escape the routine of

every day life and add some adventure and excitement to their life. The opportunity to visit historical sites and shop on vacations are two very important criteria for 3 out of 10 frequent travellers when choosing a vacation destination. In addition to shopping and visiting historical sites, Americans want the places they visit to have fine gourmet restaurants and good night life.

d) Golf is the fastest growing sport in the U.S.

Research done by Simmons Market Research Bureau on sport participation in the U.S. revealed that golf was the fastest growing sport in the U.S. between 1987 and 1989. Other sports that have experienced growth include hunting, boating and tennis. Sports that have experienced decreases in participation include jogging, racquetball, water skiing, and fishing. It is interesting to note, that all of the sports experiencing declines, excluding fishing, require fairly high levels of fitness and strength. As more of the population reaches middle age and older more decreases in very active sports will be seen. The percentage increase or decrease of participation in various sports is shown in Exhibit III - 4.

Exhibit III - 4
Change in U.S. sport participation from 1987 to 1989



Source: *Simmons Market Research Bureau, to be published in the Proceedings of the 1990 Tourism Travel Research Association Conference, New Orleans, June 10 - 14, 1990*

4. The California market exhibits potential in specific segments

a) Most California residents sight-see while in Banff National Park

Sightseeing is the most popular activity for California residents while visiting Banff, Lake Louise and Jasper. Other activities they partake in include:

Visiting a national, state, or provincial park	79%
Shopping	75%
Visiting a zoo, museum or natural display	72%
Visit friends and relatives	57%
Hiking	50%

b) California residents are interested in the opportunity to golf while in the Canadian Rockies

As was shown in Exhibit III - 3 golf participation in the United States has been increasing rapidly. The National Golf Foundation in Florida recently noted that in order to meet expected demand for golf in the U.S., more than one new golf course per day must be opened every day between now and the year 2000. In light of this, it is not surprising that California residents indicated an interest in golfing in the Rocky Mountains if there on a holiday. Almost 26% of California residents, if vacationing in the Canadian Rockies, would consider golfing at various golf resorts, while 16% would consider a golf tour in the Canadian Rockies.

5. Implications for the Bow-Canmore area

A number of the trends identified in the U.S. market can be applied to the developments which should be considered in the Bow-Canmore area. The increasing use of air as a mode of transportation for pleasure trips combined with the dominance of touring vacations indicates a need for better development of the fly/drive product. In addition, the large majority of U.S. travellers, including even much of the high income segments, who indicate the importance of moderate accommodation suggests that moderate or mid-range accommodation should be provided for this market segment.

Although sightseeing is one of the predominant activities Californians engage in on vacation, they will not travel to a place strictly for this purpose. There has to be adequate shopping and other recreational facilities to keep the market entertained while in the area. This trend will also be evident in other foreign markets discussed below.

E. Overseas visitation is expected to show strong gains in the 1990's

1. Tourism Canada and Alberta Tourism forecast moderate increases in overseas travel to Canada and Alberta

Tourism Canada is predicting 3.8 million overseas visitors will visit Canada in 1994 based on a 3.9% average annual growth in overseas visitation. The Alberta Tourism Economic Impact and Forecasting model predicts overseas visitation to Alberta will increase at an average rate of 4.4% with 541,700 overseas visitors visiting Alberta in 1994. Overseas visitation from 1994 to 1999 is projected on a country-by-country basis and is outlined in more detail below.

2. Large historical visitation increases have not been taken into account by the econometric forecasting models

Both of the above forecasts were generated by econometric models which have not been re-calibrated to take into account the large historical increases recently from specific overseas destinations. Therefore, even the relatively high growth rate of 4.4% forecast by Alberta's model may be understated.

3. Revised visitation forecasts are slightly more optimistic

In consideration of the large historical increases from countries such as Japan, Hong Kong and France, along with the changing economic and political structure in the world, overseas visitation has been forecasted to increase 5.3% to Canada and approximately 6% to Alberta to 1999. Individual overseas origin forecasts are outlined in more detail below.

4. Implications for the Bow-Canmore area

Clearly the overseas market has been growing, and appears likely to continue growing at much faster rates than either Canadian resident travel or U.S. travel to Alberta. Although overseas countries currently contribute only 14% of total visitors to the area, overseas visitors are expected to contribute 20% of total visitors by the end of the decade. As Chapter I described, overseas visitors, particularly Japanese, have much higher per visitor expenditures. Accordingly, overseas visitors might provide up to 40% of total visitor expenditures by the end of the decade.

F. The Japanese market will continue to increase

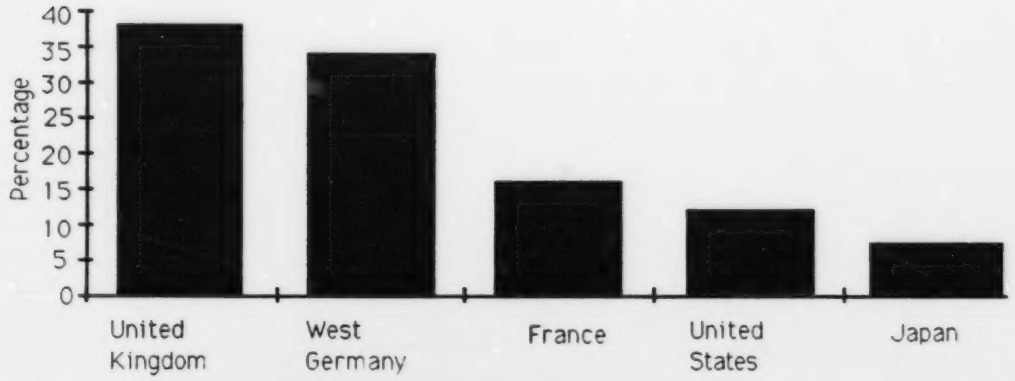
Japanese travellers are the most sought after travellers in the world. They have high expenditures, their government is actively encouraging foreign travel, and much of their population can afford to travel overseas. In all likelihood Japan will surpass West Germany as the country with the world's largest tourism balance of payments deficit as of March 31, 1990. In 1989/90 over nine and one-half million Japanese travelers went abroad, an increase of 14.7% or 1.24 million over the preceding year. Four primary factors encourage Japanese foreign travel. These are:

- The strong yen relative to other currencies making travel reasonable and affordable for Japanese people.
- Japanese residents have extra money to spend - they have begun to satisfy their demand for consumer durables and are looking for other more interesting ways to spend their disposable income.
- They are often invited by a friend to travel.
- They travel to visit friends and relatives.

There are no significant changes expected in Japan that will negatively affect the continued growth of the total Japanese foreign travel market in the near future. In fact, increases in the disposable income of families, along with continued government efforts to stimulate domestic incomes and reduce tax should result in larger numbers of Japanese travelling overseas.

The one significant constraint on increased Japanese foreign travel in recent years has been the limited airport capacity in Japan. However, with the new airport developments in that country this is not expected to be a significant constraint in the future. In 1989, 6.7%, or approximately 9.5 million people, of the Japanese population travelled overseas, which in comparison with travellers in western countries is quite a low percentage of the population. Travellers abroad by country of residence is shown in Exhibit III - 5.

Exhibit III - 5
Percent of population who travel overseas



Source: *The Japanese Travel Market to Canada, A Market Profile and Trade Directory, The Tourism Research Group, 1989*

1. The Japanese market will grow at a decreasing rate to 1999

Japan has been a strong market for both Canada and Alberta. In light of the large historical gains in visitation experienced by Alberta (39% in 1987 and 44% in 1988) this market should continue to show interest in Canada and Alberta as a vacation destination. Visitation is forecasted to increase 18% in 1990 with increases at declining rates to 1995 where Tourism Canada forecasts it will stabilize at 6.6%. In absolute terms Japanese visitation is expected to increase from 389,000 in 1989 to 1,034,000 in 1999 to Canada and from 112,000 in 1989 to 298,000 in 1999 to Alberta.

2. Factors such as increasing business investment in Europe and greater competition for the Japanese traveller will contribute to the growth slowdown

Although Canada's ranking as a place the Japanese would like to visit has moved from number four in 1987 to number two in 1989 behind Australia (Mainichi Shimbun, On Japanese Overseas Air Travellers, 1987, 1989), the factors outlined below substantiate the forecasted decline in growth rates. The factors, which indicate there may be a shift in interest by the Japanese traveller to other destinations, include:

- Increasing investment in East Germany/Eastern Europe, resulting in a decline in business travel to North America (business is the second largest main purpose of travel, after sightseeing).
- Increased marketing efforts by New Zealand and Australia.
- Limited air capacity between Japan and Canada (specifically Alberta).

In addition to the above, Canada ranks poorly on a number of factors important to the Japanese market in comparison with other destinations. These rankings show that more effort is needed in some of these areas to attract Japanese travellers, otherwise Canada could experience an erosion of market share. Canada's ranking in comparison to other countries is shown in Exhibit III - 6.

Exhibit III - 6
Japanese perceptions of Canada relative to other countries for Japanese travellers

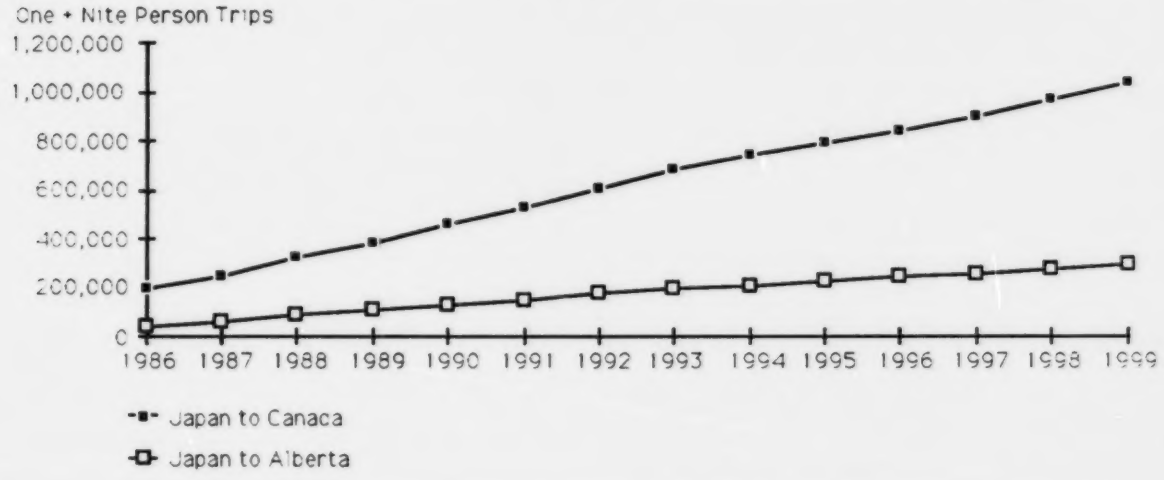
Factor	Canada's Ranking	Higher Ranked Countries
Friendliness	5	Hawaii, West coast U.S.A., Australia, Taiwan
Scenic Beauty	2	Switzerland
Shopping	Does Not Rank	Hong Kong, Singapore, France, Hawaii, Italy, Korea, England USA West Coast, Taiwan, USA East Coast
Cultural Or Historical Impressions	Does Not Rank	China, France, England, Greece, Italy, W. Germany, Spain, India, Austria, Korea
Safety	4	Hawaii, Australia, Switzerland
Kindness to Travellers	6	Hawaii, Australia, Switzerland, Singapore, Taiwan

Source: *On Japanese Overseas Air Travellers, Mainichi, Shimbun, 1989*

Canada is viewed very positively in terms of scenery, safety and friendliness, however, Canada's perceived weakness in the shopping area is very serious. The importance of shopping to Japanese travellers is indicated in the Mainichi Shimbun 22nd survey On Japanese Overseas Air Travellers. In this survey 76% of male and 84% of female Japanese travellers indicated they shopped on their last overseas trip. This perceived weakness needs to be a focus for improvement if Canada is to continue to develop the Japanese market.

Forecasts of the number of Japanese visitors to Canada and Alberta are shown in Exhibit III - 7 and shown in absolute terms in Appendix A, pages 181 and 182.

Exhibit III - 7
Travel forecasts to 1999 for the Japanese market to Canada and Alberta



Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

3. Characteristics of Japanese travellers indicate the quality and type of facilities desired in a vacation destination

a) There are seven main segments of the Japanese market

The Japanese tourism market can be divided into 7 market segments: the single working women (office ladies), honeymooners, silver group (retired market), students, middle aged women, businessmen, and skiers. Presently, Alberta's largest markets (in descending order) are the office ladies, honeymooners and the silver group.

i) The Honeymooner market is the most lucrative market

Honeymooners are the most lucrative segment of the Japanese market relative to its size. In Japan the wedding and honeymoon are considered the one chance for the bride and groom to be the "stars" in their life. Therefore, all arrangements are made accordingly - very little expense is spared. The honeymoon is typically paid for by the parents resulting in very little concern by the couple for the cost of the trip. The only expenses the couple incur on a honeymoon are gifts and souvenirs for family and friends.

ii) The "office lady" segment has high disposable incomes

The "office lady" segment, which is the second largest segment of the Japanese market, is able to afford to travel overseas because they live at home and, therefore, have very high disposable incomes. This segment of the market wants to travel and enjoy themselves before getting married and settling into the traditional female role in a Japanese household. According to Strategies of Marketing to Japanese Visitors by Dr. Kazuo Nishiyama, this groups tends to buy inexpensive package tours and travel with friends from school or co-workers. Shopping is a main focus for this group and they look for prestigious brand name items. The present strength of this market segment in Alberta may adversely affect the future honeymoon market. Traditionally the bride chooses the destination of the honeymoon and if she has visited Canada previously, she may want to visit a different perhaps more exotic destination. Hawaii and Guam, for example, are losing share of the honeymoon market as these are not perceived as exotic, or relatively unknown, destinations anymore. The present "hot spots" are Australia/New Zealand, Europe, the U.S. Mainland, and Canada.

iii) Student travel is a small but growing segment

Student travellers are a small, but fast growing, segment of the Japanese market. A trip abroad for individuals in this market segment may be for any of the following reasons:

- As part of their formal education to study language, culture and social customs of the country they are visiting.
- For a long-stay student exchange program.
- To celebrate a student's successful entrance to a good school, graduation or being offered a job with a prestigious company.

iv) The "hometown abroad" concept for the silver market may indicate increased long-stay visitation

The silver hair market is expected to be larger than all other market segments by the year 2000. This group typically has high income levels and can afford to spend large amounts of money on overseas travel. They also take longer vacations than other Japanese market segments. The Japanese Government's recent efforts to establish the "Hometown Abroad" program may be particularly relevant to the Bow-Canmore area. This program examined the feasibility of providing "silver towns" in many parts of the world where Japanese elderly people could spend their retirement years away from the pollution and congestion of large cities.

v) Middle aged Japanese women enjoy shopping, food tasting and cultural experiences

Middle aged Japanese women play an integral role in the education and raising of their children. Once these children become of age and no longer need their mother's guidance, these women have more discretionary time than they are used to. In response, many work part-time to earn enough money to pay for overseas trips. These women enjoy vacations which offer shopping, tasting different foods, and cultural events.

vi) Tax incentives indicate overseas business recreational trips may increase

Business travel is often used as a means for Japanese companies to sponsor company recreational trips to build employee morale. These trips are often to overseas destinations, not only because they are more appealing, but they offer an opportunity for participants to experience a foreign culture and gain international perspectives. This travel market is expected to increase as a result of tax incentives which allow tax deductions for overseas company recreational trip expenses.

vii) A tremendous increase in the interest in skiing is being observed

Japan is beginning to experience a ski boom. According to Japan's Trendy Ski Boom by David Norden, the trend toward skiing is being influenced by two factors in Japanese society.

- *Agogare* - admiration of the West.

- *Nakamo hazure* - "to be left out" which can result in what could be termed "jumping off the band wagon".

The first factor has resulted in the duplication of many western trends - skiing being the most recent trend to be copied. As the sport gains popularity in Japan, *nakame hazure* takes place. This results in everyone wanting to participate and not be left out. A tremendous boom in the development of ski resorts in Japan has been the result of these two factors. In the past year infrastructural developments included: 29 resorts, 225 lifts, and 11 gondolas. In response to the increased interest in skiing, tour operators are offering ski trips to top overseas destinations with good success.

b) The independent traveller, middle aged housewife, and family markets are expected to show large increases

Eighty per cent of all Japanese pleasure travellers travel in groups. Recently Jettour (one of the largest tour wholesalers in Japan) has found that the number of well informed and experienced overseas Japanese travelers is increasing. This group demand for more independence and flexibility in designing their own travel arrangements is resulting in a gradual shift of the group tour market toward more of an individual market. Other markets which are expected to show increases include the student, middle aged women/housewives, and the post-honeymoon or family markets. Hawaii and Guam are starting to see small increases in the family market corresponding to decreases in airfare and increases in charter flights. As condominium type accommodations allow families to cook familiar food and maintain more control over vacation costs, most Japanese families prefer this type of accommodation.

c) The Japanese are "value-for-yen" conscious

The Japanese traveller may have the highest level of travel expenditures of any overseas origin, however, this does not mean they are indiscriminate spenders. The Japanese are becoming very "value-for-yen" conscious. They are not budget travellers, but are looking for high quality services and facilities commensurate with the large sums of money they are spending. Destinations are going to have to offer good facilities, restaurants, nightlife, dining and shopping to attract Japanese tourists. The importance of shopping opportunities should not be underestimated. The Japanese custom of *omiyage* (bringing gifts back to family and fellow workers) results in very high retail expenditures. The Japanese typically like to buy natural products or locally made crafts representative of the country or area they are visiting. The goods available must be good quality in order to be acceptable to the consumers.

d) Prestige and Status are very important to the Japanese market

Visiting scenic places is the foreign vacation activity that interests the greatest number of Japanese travellers, however, they really prefer to see and be photographed in places with recognizable landmarks. Travel in Japan is a method used to gain prestige and status, therefore, pictures must show internationally known sites and attractions. Japanese visitors may travel to other areas and appreciate the beautiful scenery, however, they really prefer to visit and be photographed in urban areas and at well known attractions. This may not be quite as dominant in Japanese travellers to Canada than other countries. Research by Tourism Canada has shown that Japanese visitors to Canada are more likely to engage in outdoor adventure activities than Japanese visiting other countries. The Japanese team who were the first team to scale Mount Robson may have influenced this trend somewhat - Canada has become known for this type of activity in the Japanese market because of events such as this.

e) Greater awareness of Japanese needs by tourist operators is needed

The service for Japanese travellers has gradually been improving with the increasing number of Japanese travelling worldwide. Although operators are gradually becoming aware of the needs and desires of Japanese visitors, there are still a number of small items which are often overlooked to the dismay of both Japanese tour operators and tourists. Some of these items include:

- a lack or shortage of Japanese speaking tour guides;
- large food portions with little attention paid to the presentation of meals;
- water not automatically placed on tables.

4. Implications for the Bow-Canmore area

Japanese travellers represent a tremendous market opportunity for the Bow-Canmore area if resorts can be developed which appeal to the various segments of this travel market.

The "honeymoon", "office lady", "silver hair", "mid-aged housewives", and "ski segments" represent some of the best targets for Bow-Canmore area resorts. Four of these five segments have high trip expenditures (office ladies have lower trip expenditures).

- ► The honeymoon segment is attracted to "exotic", world renowned destinations and the fact that Canada and Banff in particular, are seen as

such destinationsmean that it will be important for Canmore to use its proximity, to Banff to attract this segment.

- The "office lady" segment's purchase of inexpensive packages could indicate good potential for package development with airfare, transportation, and mid-priced accommodation.

- The silver hair segment is expected to be a growing market segment in the 1990's and may be attracted to high quality town house or condo type accommodations in resort villages. Bow-Canmore's spectacular mountain scenery and clean environment may be attractive to these older Japanese visitors. The Japanese government's emphasis on older people staying abroad longer could result in increased lengths of stay. Additionally, they could contribute to a more stable population base than typically experienced at resort destinations.

- Mid-aged housewives are expected to be a growing segment and would be interested in unique dining experiences as well as cultural experiences which could be packaged with Calgary cultural attractions.

- Finally, the Japanese ski market is growing and might be attracted to Bow-Canmore, which could provide a central destination for the 5 major ski resorts in the area, if convenient and frequent public transportation was available between Bow-Canmore resorts and these five main ski areas. Skiing is currently experiencing dramatic growth in Japan. While initially, it may be difficult to attract Japanese skiers away from Whistler to the Bow-Canmore area, in the long-term, the Bow-Canmore area may attract more Japanese skiers as the uniqueness of Whistler wears off.

Other Japanese market segments to watch as they develop in the 1990's include the family and independent traveller segments.

- The Japanese family market could be a good long-term growth market for Bow-Canmore to target. Bow-Canmore could offer many recreational facilities for families and provide the type of scenic beauty Japanese travellers find appealing. Condominium or town-house type accommodations would be most appropriate for this market. Airfare reductions, and moderate room and food prices would be necessary to make the attraction affordable and appealing to the Japanese family market.

- As more Japanese nationals become fluent in English, the independent traveller market from Japan will increase. This market will prefer hotel accommodation and will want information systems which allow them to

find out about local activities as is the case with other highly independent travellers such as Germans.

Regardless of which Japanese segments are targeted, the Bow-Canmore area will need to develop high quality resort accommodation, shopping and dining facilities. This suggests not only high quality shopping facilities (upscale in price and merchandise selection) in Banff but also at Bow-Canmore area resorts and in the town of Canmore. Resort accommodations should include both high quality hotel rooms as well as town house style units. Town-house units might appeal to silver hair long-stay segments in the summer as well as skiers in the winter.

It will also be important for Bow-Canmore resorts to clearly identify themselves as part of the Banff area to appeal to the Japanese market. Well known international chain hotels such as the Marriott and Westin will also help the area appeal to Japanese visitors because of the high quality standards offered by these properties world wide.

G. The U.K. market could show large visitation increases

1. The U.K. Market is expected to increase approximately 6% to 1999

The U.K. market has shown relatively strong growth from 1986 through 1988 with average yearly increases of approximately 14%. In 1988 Canada and Alberta respectively hosted 527,000 and 86,500 person-visitors from the U.K. Historically, the U.K. market to Canada has mainly been the visiting friends and relatives segment which is expected to decline as the traditional U.K. visitors to Canada age and begin to travel less. Once U.K. residents reach 65+, their travel declines significantly due to lower disposable incomes and increased incidence of health problems. This trend will reinforce a decrease in Canada's traditional VFR segment. A number of people believe that the U.K. market has been relatively stagnant throughout the 80's and is basically a mature market with relatively little growth potential. However, statistics from the British Tourism Survey, Yearly 1988 (NOP Travel and Leisure Research Unit) show that although overall British travel has not increased from 1984 to 1987, the percentage of overseas travel has been gaining an increasing share of the total travel market. This indicates there is a growing segment of the U.K. market that is travelling abroad and thus, there is potential for increased market share.

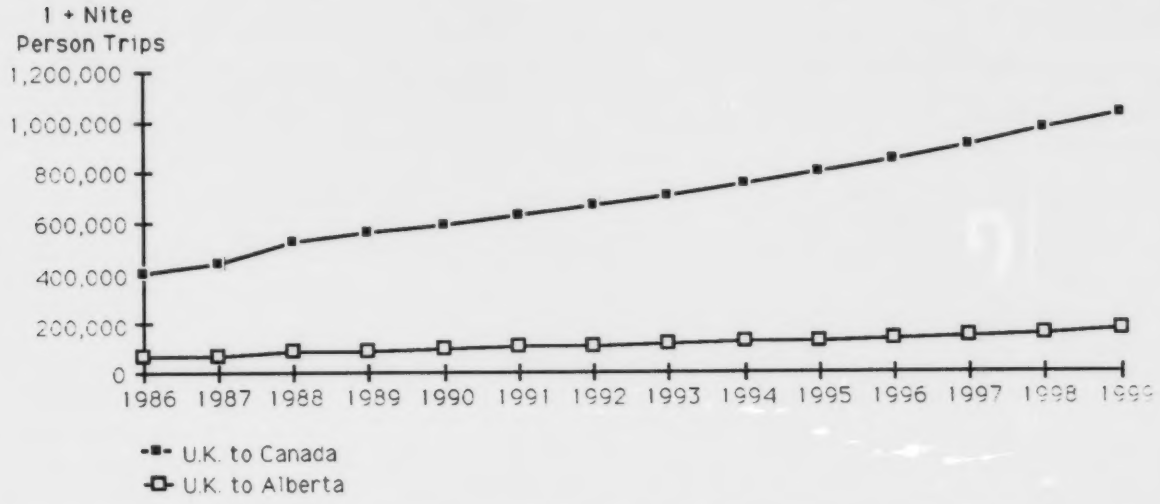
The U.K. market is expected to grow at a moderate rate of 6% from 1989 to 1994 and 6.6% thereafter. Although Canada and Alberta experienced 20% and 23% increases respectively in U.K. visitation from 1987 to 1988 the present high interest and unemployment rates in the United Kingdom will likely put downward pressure

on overall U.K.travel. Positive factors that will influence travel to Canada and Alberta from the U.K. include the following:

- Bright outlook for adventure and fly-drive (independent) travel.
- Historical market share gain by overseas travel of total pleasure travel in the U.K. market.

Forecasted travel and visitation to Canada and Alberta is shown in Exhibit III - 8 and outlined in Appendix A, pages 181 and 182.

Exhibit III - 8
Travel forecasts to 1999 for the U.K. market to Canada and Alberta



Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

2. The types of facilities and programs desired can be determined by historical behavior and emerging trends

a) Self catering accommodation is increasing in popularity

Hotels are by far still the most popular form of accommodation for the U.K. market, however, they have been losing market share to rented self-catered accommodation. Staying with friends and relatives is now the third most popular form of accommodation after hotel/motel, and rented villas. Exhibit

III - 9 displays market share of accommodation used on overseas holidays in a time series format.

Exhibit III - 9
Accommodation used by U.K. residents on overseas holidays

	Holidays of 1+ nights				
	1984	1985	1986	1987	1988
Unweighted base:	2553	2478	2345	2459	2048
	%	%	%	%	%
Accommodation Used:					
Hotel/motel	59	55	55	51	49
Rented Villa, Flat etc.[1]	14	16	18	23	23
With Friends/Relatives	17	18	16	16	17
Own House/Villa	3	4	4	3	4
Pension/Guest House[2]	4	4	3	3	3
Caravan	2	2	2	2	2
Boat (including cruises)	1	2	2	2	2
Camping	3	3	3	3	2
Apartment hotel	*	1	1	*	1
Holiday Camp.Village	1	1	*	*	1
Youth Hostel/Student Hostel	1	1	1	1	1
Paying Guest in Private House	1	1	*	*	*
Other Accommodation	1	1	*	1	1

* Less than 0.5%

Source: British Tourism Survey, Yearly 1988, NOP Travel & Leisure Research Unit

b) Specific segments of the market exhibit good growth potential

i) The adventure travel segment is a growth market

Tourism Canada's Pleasure Travel Markets to North America segments markets based on product, travel philosophy, and benefit. This report notes that approximately 60% of the U.K. population can be classified as

[1] *A detached or semi-detached residential style accommodation unit, with cooking facilities and either a yard or garden space.*

[2] *Accommodation in the stye of a Continental European hotel or boarding house.*

individuals seeking adventure travel and getaway or "escape" travel. Canada, and Alberta especially, is well positioned to attract the adventure travel segment of the U.K. market.

ii) The U.K. ski market has shown interest in North America

As a result of poor snow conditions in Europe, the price competitiveness of North American ski destinations, and a similarity in the cost and travelling time involved with skiing in North America vs. Europe, the U.K. market is responding very positively to North American ski destinations. The Colorado comparables indicated they are experiencing increases in British visitation and expect this to be a growth market. According to Alberta Tourism's representative in London, Banff has a very positive image with the U.K. market and significant untapped potential exists. Currently, Banff outsells Whistler and receives 80% - 90% of the skiers destined for Western Canada.

iii) The fly-drive market is increasing

From 1984 to 1989 there was a 25% increase in package holidays to the U.S from Great Britain (British Tourism Survey, Yearly 1988). The most popular components of package U.S. holidays have been flights combined with car rental, rather than flight, tour bus transportation and accommodation. According to the study sourced above, the number of individuals including a rental car in their holiday abroad to all destinations increased from 13% in 1984 to 19% in 1988. Not only are these facts positive in light of fly-drive product development, but the group most likely to take this type of independent holiday is an upscale individual/group who would likely have higher expenditures than the typical VFR traveller.

c) U.K. overseas travellers tend to enjoy visiting seaside destinations

The majority of all overseas holidays taken abroad in 1988 were to seaside destinations. The popularity of mountain and lake destinations decreased from 24% of holidays in 1975 to 19% in 1988. (Source: British Tourism Survey, Yearly 1988)

3. Implications for the Bow-Canmore area

Development of the Bow-Canmore area provides an opportunity to rebuild Canada and Alberta's appeal in the U.K. tourist market. While the traditional VFR trip from the U.K. to Canada is declining, there is potential to attract younger, more affluent U.K. travellers interested in outdoor adventure activities and downhill skiing.

Increasing levels of travel overseas by U.K. residents is a positive sign for Canada, however, the declining interest in mountain and lake destinations could negatively impact visitation to the Bow-Canmore area.

The types of product offerings which Bow-Canmore resorts should develop to appeal to U.K. travellers include:

- Fly-drive package holidays with airfare and vehicle rental included suggests that the fly/drive market should be promoted.
- Condominium or villa type accommodations (self-catering) as well as pension type of accommodation would have the greatest appeal to the U.K.market.
- Development of outdoor/adventure day trips which could be accessible from a condominium type complex.
- Ski packages: Colorado resorts have experienced good success with these packages in the U.K. market recently.

Canada's transportation and cost comparativeness with European destinations combined with better snow conditions are becoming known to this market.

H. Recent events in Eastern Europe will affect West German visitation

1. West German travel is expected to decrease 2% to 1994 with a 4% increase thereafter

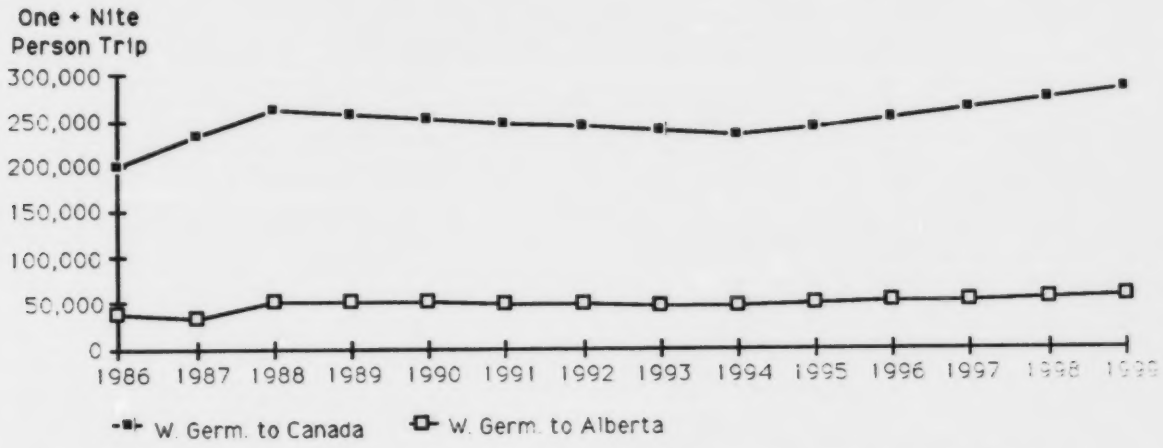
Political and economic events described below will have a large effect on short-term German international travel. Based on these events, German travel is expected to decrease 2% through 1994 while Tourism Canada forecasts indicate increases of 4% from 1995 to 1999. Overall, this will result in an increase from 263,000 person-visitors in 1988 to 283,000 person-visitors in 1999 to Canada. Alberta will see visitation increase to 56,000 from 52,000 person-visitors during that same time period.

2. The recent events in Eastern Europe will have a large impact on West German travel

In the short-term recent events in Eastern Germany and Eastern Europe will have a large effect on German overseas travel visitation. Many overseas trips will be substituted with VFR or "curiosity" trips to Eastern Europe as these countries

undergo democratization. The proximity and family ties that many individuals have in that part of the world will also encourage visitation to these destinations. In addition, the economic unification of Europe will increase awareness and the desire to travel in Europe. This will have a negative effect on West German visitation to Canada and Alberta in the short term. Forecasted visitation is displayed in Exhibit III - 10 and outlined in Appendix A, pages 181 and 182.

Exhibit III - 10
Travel forecasts to 1999 for the West German market to Canada and Alberta



Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

3. West German travellers enjoy independent travel and appreciate Canada's scenic beauty

a) The size of the West German travel market has only recently been surpassed by the Japanese market

Prior to the emergence of the Japanese market, the German market was the largest overseas market in the world. Their vacation entitlement and nights spent abroad are still among the highest in the world and they are one of the most well travelled populations. German travellers are very independent travellers as indicated by the 1985 Studiendries fuer Tourismus Survey which revealed that 66% of German travellers made their own travel arrangements that year.

b) Germans enjoy the outdoors and resting and relaxing

German travel to Canada in the past has typically involved a resort stay. Other Canadian products which appeal to the German market include outdoor experiences, nature and wildlife observation, and scenic touring. Growth areas in the German market include: upscale unique adventure vacations, fly-drive vacations and the rental of motorhomes.

On trips to Banff, Germans prefer to engage in photography, rest and relaxation and shopping. Of the activities pursued on their last holiday, six of the top 14 activities were outdoor or nature oriented in some way.

4. Implications for the Bow-Canmore area

Canada's attractiveness to the German market has been outdoor activities and its natural beauty. These traditional attractions can be expected to increase in importance as travel generators, as natural resources in Europe and other countries (especially developing countries) are depleted through development and pollution. Ensuring the natural resources in the area remain well protected will have the greatest effect on continuing to attract this market.

The growth being experienced in the fly/motorhome rental market can be expected to increase. Germans enjoy staying in uncrowded campgrounds with electrical hook-ups, sewage dumping facilities, laundromats, entertainment centres, stores and other conveniences. The present shortage of recreation vehicle (R.V.) facilities in Banff indicates that there is potential to develop R.V. campsites in the Bow-Canmore area to cultivate the German market (see Appendix A, Projected Weekend Demand For R.V. Campsites). This market is most impressed by the nature and outdoors. Therefore, they will not view locations outside of the park boundary negatively.

I. France is a potential growth market

The French market has shown large increases in visitation to Canada and Alberta since 1986. The increase in travel has been a result of good economic conditions in France and a favorable exchange rate for the Canadian dollar due to the strengthening of the French franc relative to the Canadian dollar. Tourism Canada and Air Canada actively promote Canada to French tourists through joint promotions. The Calgary winter Olympics was particularly positive in this market as French interest in Alberta was piqued with the announcement that the next winter Olympics would be held in their country.

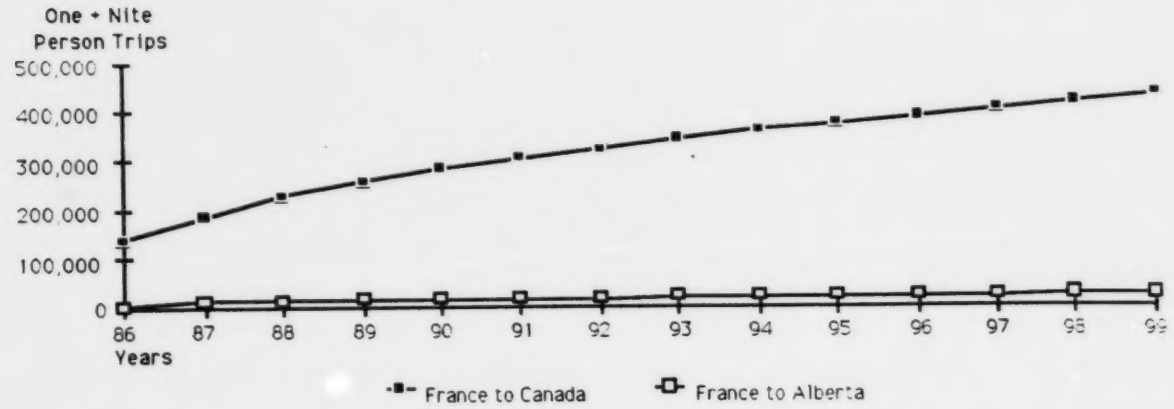
1. The French market is expected to be a growth market for Canada

Overall, the outlook for France is seen as positive and growth is forecasted to increase 12% from 1990 to 1995 with 4% increases thereafter. French visitation to Canada and Alberta will respectively increase from 283,000 to 435,000 and 15,000 to 23,000 from 1990 to 1999. This is consistent with Tourism Canada's long-term forecasts.

2. The French economy combined with recent tourism gains indicates a strong market

Currently, France has one of the healthiest economies in Europe. It has low levels of unemployment, a trade surplus and no government debt. This economic prosperity will contribute to increases in overseas visitation by French residents. The events in Eastern Europe will not have as great an effect on the French market as on the West German and Swiss markets due to cultural dissimilarities and the lack of family ties between France and Eastern European countries. However, the curiosity factor will still provide a strong incentive for French tourists to visit Eastern Europe. Although the outlook for the market is extremely positive, the economic unification of Europe will have a comparatively larger negative impact on overseas visitation. If plans to initiate one common European currency are implemented, a negative effect on the exchange rates may occur and subsequently decrease visitation to Canada from France. Forecasted visitation is shown in Exhibit III - 11 and detailed in Appendix A, pages 181 and 182

Exhibit III - 11
Travel forecasts to 1999 for the French market to Canada and Alberta



Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

3. Tourism Canada has segmented the French market

Potential segments identified in Tourism Canada's study Pleasure Travel Markets to North America include the sports and entertainment, outdoor, and culture and nature segments. The most popular activities of French travellers while on vacation include:

Visiting national parks and forests	70%
Visiting sites commemorating important people	63%
Visiting amusement and theme parks	31%
Attending sporting events	27%

Canada is perceived positively in terms of outdoor activities (e.g. scenery, wildlife, natural parks and forests), public transportation, hygiene and cleanliness, interesting and friendly people, and unique native cultural groups. On the negative side, Canada is viewed as an expensive destination overall, especially in terms of accommodation and restaurants.

4. Implications for the Bow-Canmore area

Information regarding specific segments of the French travel market is very limited, therefore, it is difficult to identify specific planning implications for the Bow-Canmore area. The view that Canada is expensive, especially in terms of accommodation and restaurants, may indicate the necessity of more moderately priced accommodation and restaurants to appeal to this market.

J. Other European markets are expected to be affected by a combination of economic factors, European unification, and events in Eastern Europe

The markets described above have generally been the dominant European markets for Canada and Alberta. The economies of most European countries are improving, leading to a rise in the standard of living and disposable income. However, this will not necessarily produce large increases in overseas travel as residents may choose to travel to other European countries first. Other factors that will influence and encourage travel within continental Europe by Europeans include:

- Economic unification of 1992 which may lead to a decline in currency values if a common monetary system is introduced.

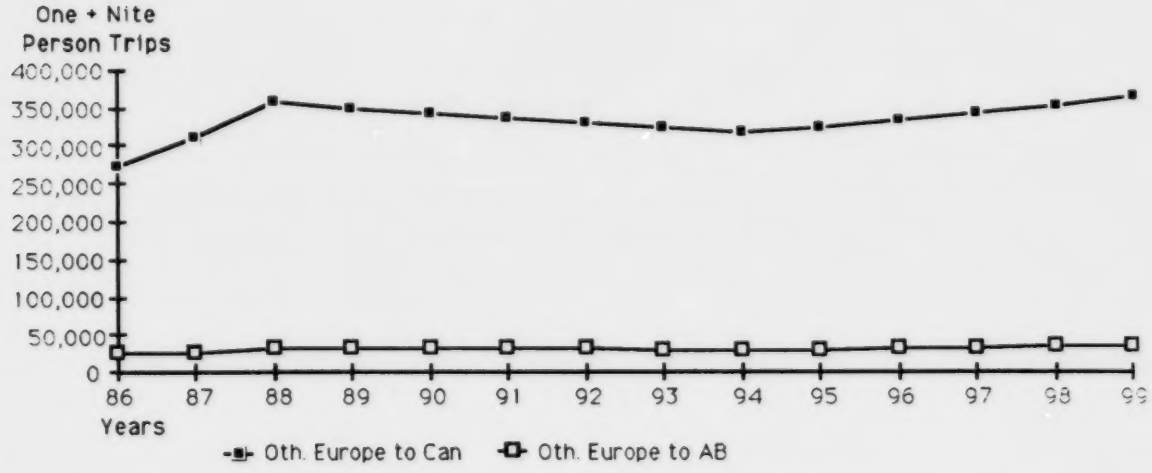
- Renewed interest in Europe as a result of developments such as the channel tunnel between Britain and France, the European Disneyland, high speed rail link between Paris and Cologne via Brussels, new museums and improved highway and rail links.

- Increased interest in Eastern Europe due to political developments.

Because information about each of these countries' desires and travel habits is limited, it is difficult to indicate what types of developments should be undertaken to attract these markets to the Bow-Canmore area. More in-depth research is needed on a country by country basis to identify travel habits and market segments before any conclusions can be drawn.

Overall, the outlook for travel from other Western European countries is expected to decline by 2% through to 1994 and increase approximately 4% thereafter to 1999. Forecast visitation levels for Alberta and Canada are displayed in Exhibit III - 12 and displayed in Appendix A, pages 181 and 182.

Exhibit III - 12
Travel forecasts to 1999 for the Western European markets to Canada and Alberta



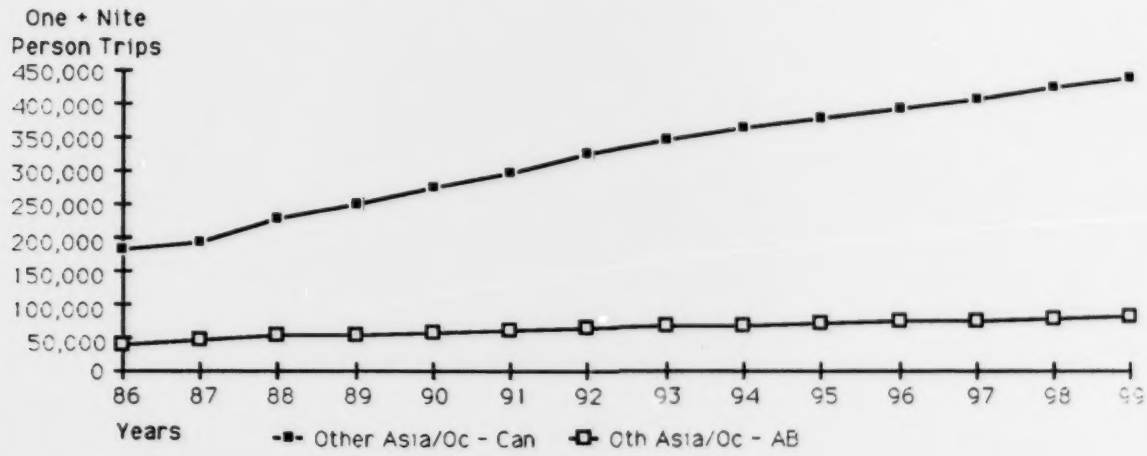
Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

K. Other Asian/Oceanian markets show great potential

1. Overall visitation is expected to increase approximately 7.5% to 1994 and 4% thereafter

Overall visitation from other Asian and Oceanian countries is expected increase at an average annual rate of approximately 7.5% to 1994, with a slight decline in visitation to 4% per annum thereafter to 1999. Forecast visitation is shown in Exhibit III - 13 and displayed in Appendix A, pages 181 and 182.

Exhibit III - 13
Travel forecasts to 1999 for the other Asian/Oceanian markets to Canada and Alberta



Source: *Peat Marwick Stevenson & Kellogg, Tourism Canada*

2. The economic prosperity of countries such as the "four tigers" will contribute to the above increases

The other Asian/Oceanian markets are one of the bright spots on the horizon for Canadian and Alberta visitation. Australia, New Zealand and Hong Kong have shown large and steady increases in visitation since 1985. The emergence of the middle and "yuppie" classes in the "four tiger" countries (Thailand, South Korea, Taiwan and Singapore) will generate many more international travellers. Canada is starting to experience increased visitation from Taiwan. As the Taiwanese economy prospers and travel restrictions are lifted, increasing travel is being

observed. The emergence of the Asian Yuppie class, who often have up to 20 times the spending power of other residents will be a key segment to target for international travel. Many of these young Asian professionals have higher discretionary incomes as a result of living at home. Asian yuppies have a preference for brand name consumer goods and are very much concerned with the prestige and image certain brands of consumer goods can provide them. Like such brand name consumerism, travel to well known destinations, such as Banff, can also be a means to gain prestige and status.

3. The number of individuals in these countries who have the means to travel is expected to increase

Asian "yuppies" have been experiencing average annual pay increases in the 15% - 20% range. Coupled with an expected growth in market size, international travel will increase substantially from this segment. There are twice as many young professionals in Seoul and Singapore than there were 10 years ago and the number of individuals in the 20 - 39 age group in Asia (not including Japan and India) is expected to increase from an average of 425 million in the 1970's to 600 million by the year 2000. These groups regard leisure time and recreation as being very important. Such attitudes may result in longer international holidays than has typically been the case of visitors from Japan. They work fewer hours than their parents did and are demanding more leisure time to enjoy the privileges which their success has brought them.

Along with the financial security and success of the Asian "yuppies" comes financial independence from their parents. Consequently, they are starting to encourage their parents to travel and spend some of the money they may have saved for their children. Although the exact extent of this trend is not known, increases in elderly visitors from these countries may be more evident in the future.

4. Each of the countries has unique market characteristics

a) Hong Kong is a short-term market

The impending transfer of Hong Kong from British to Chinese rule in 1997 is prompting a large number of Hong Kong residents to seek residence in other countries. This desire to immigrate is the underlying motivation of many Hong Kong visitors to Canada. Once the transfer is complete, overseas visitation may taper off although the visiting friends and family market will become a growing market. Alberta may experience gains if individuals visiting friends and family in Vancouver or Toronto include sightseeing trips to other destinations as part of their vacation.

b) The Taiwanese are an emerging market whose young office lady segment may be strong

Cultural norms in the various Asian markets indicate that young females reside with their parents until marriage. This practice allows young female office workers to enjoy higher disposable income levels than other individuals in their countries. With a reduction in the travel age limit from 30 to 26 the Taiwanese office lady travel segment is expected to emerge as one of the leading Taiwanese travel segments. Families travelling with children to well known destinations such as Niagara Falls and Disneyland are considered to be an additional potential growth segment.

c) Significant potential exists for increased Taiwanese travel to Canada

A representative from the Canadian trade office in Taipei feels there is significant potential for increased travel from Taiwan to Canada for the following reasons:

- Reduction of the age limit allowed to travel from 30 to 26.
- Increases in per capita income.
- Relaxation of travel regulations.
- Faster visa turn-around time.
- Greater and improved airline connections.

d) Significant increases in South Korean visitation will not be seen in the near future

Although South Korea has one of the world's fastest growing economies, South Koreans are still inexperienced international travellers. As they begin to travel more their first overseas destination will be Japan or Taiwan with Europe emerging as the next overseas destination. This pattern is due to North American visa restrictions and a preference for multiple city vacations.

According to research of the Taiwanese market conducted by the Tourism Research Group (The South Korean Travel Market to Canada, July, 1989) there are five segments of potential interest to Canadian tourism operators:

1) Middle to high income, 45 - 60 year old couples who have travelled outside Korea before and are not ready to consider Canada.

2) Couples aged 20 - 40 years old earning above average incomes and residing in urban centres.

3) University students and teachers with educational projects.

4) Business related travel - packages which allow combining business and pleasure travel.

5) Honeymooners.

Of the above markets the first and second offer the greatest short-term potential. The present travel market is dominated by high income couples between 40 - 60 years old. These individuals have done some travelling and may want to consider Canada as a new vacation destination. It is interesting to note the research done by the Pacific Asia Travel Association which revealed 39% of older South Koreans (50+) prefer to travel in the fall and 26% prefer travel in the spring as they think the climate would be more conducive to travel during these times of year.

The second segment offers significant potential as these individuals are drawn to wide open spaces and prefer hiking, golfing, and fishing in addition to sightseeing. Focus groups done for a study undertaken for the Pacific Asia Travel Association found this group was more interested in Europe and North America than South East Asia.

e) Australians take long holidays and visit Canada during the shoulder seasons

Individuals with Brewsters have indicated increases from the Australian market are being experienced. Australians receive very generous annual vacation leaves and tend to take lengthy trips. In addition to long length of stays, Australians have been observed to travel during the shoulder seasons when tourist traffic is not typically high. These trends are reinforced by the experiences at the Colorado ski resorts. Individuals there indicated Australians have been observed to take longer vacation (3-4 weeks) and are attracted to skiing.

5. Implications for the Bow-Canmore area

From the information gained above, the other Asian and Oceanian markets can be expected to increase in the future. As with the Japanese market, the Asian "yuppies" will be seeking destinations with recognizable landmarks and well known destinations. Therefore, it will be difficult to convert these visitors to Bow-Canmore in the near future unless Banff is used as the principal lure. If a self-contained resort is developed in the Bow-Canmore area, it may be successful at

attracting this group in the long-term. This type of facility has increased in popularity with the Japanese market recently, and as a name and reputation is built up, it may be successful in drawing from all segments of the Asian market from Banff.

In the long term, there is potential in attracting the parents of the "yuppies" who are being encouraged to travel. However, the elderly people will be more price conscious and less "image and prestige" conscious than their professional children. Again, the availability of moderately priced accommodation and restaurant facilities will be important to this group. There may be some reluctance to spend on high priced services etc. as they are "spending their children's inheritance".

Other countries and segments which may have potential for the Bow-Canmore area include the Taiwanese female office workers, and the Taiwanese family market (by piggy-backing on their awareness of Banff). Although we do not know the preferences of Australian travellers, their predisposition to travelling during the shoulder seasons could be very important to increasing low season occupancies.

L. Market demand summary

Tourism has been one of the world's fastest growing industries and is expected to grow even more quickly in the 1990's. However, while tourism demand will grow even faster, travellers will become even more demanding as they seek better value for their travel budget and better information and trip planning services.

A variety of factors will contribute to more fragmentation and complexity in travel markets. Continued pressures from fast paced work and home lives will continue to be relieved through travel experiences as people seek rest and relaxation, a break from the everyday routine, and opportunities to rejuvenate and seek new adventures. These psychological needs will be fulfilled through a growing array of travel opportunities. Some will seek fulfillment of these needs through several short get-away trips—others through longer vacations and still others through combined business and pleasure trips.

The market will further fragment demographically because of frequent travellers contributing a huge portion of the travel market expenditures. These frequent travellers, who are typically the most affluent, will demand very high quality services and amenities along with value for money. Other socio-economic groups will travel less, but comprise a huge market in terms of their numbers. These segments will focus on budget conscious services. Increasingly, tourism industry operators will be required to select their market niches and avoid the trap of trying to be all things to all people.

1. Domestic travellers will comprise a declining share of Alberta's tourism markets in the 1990's

Canadians, including Albertans, will still provide the vast majority of person visitors to Alberta destinations, including Bow-Canmore. However, domestic travel by Canadians will not grow as quickly in the early part of the 1990's for several reasons including the introduction of the GST, and the fact that Canadians will perceive better value for their travel dollar in the United States. Nevertheless factors such as the growing number of weekend get-away trips, the expected increase in disposable income within the large baby boomer segment and the growing tendency of those 55+ to travel more will create good niche opportunities in the Canadian market. Alberta should be well positioned to take advantage of these market opportunities in the 1990's and its growth rate of domestic visitors is expected to increase faster than the general growth rate in domestic travel in Canada.

2 Alberta's international arrivals will outperform Canada's in the 1990's

In the 1990's Canada's international arrivals are forecast to increase by less than half the world growth rates in the 1990's (1.6% per year), although these projections are probably conservative. The main reasons seen for Canada's decreasing competitiveness are the:

- Implementation of the goods and services tax.
- Increasing emphasis on tourism by countries worldwide (greater competition for the tourist dollar).
- Canada's poor image in terms of value for money among a majority of international visitors.

The U.S. market will probably be the most affected by the above factors. This market is increasingly time and value conscious, and are the most aware of the forthcoming goods and services tax. In addition, they presently find basic items such as gas, alcohol and food more expensive than in the United States. This market is expected to be flat to negative in the 1990's in both Canada and Alberta.

Nevertheless, Alberta's international arrivals are projected to grow at a slightly higher rate than Canada's (2.6% vs. 1.6% per year) throughout the 1990's. This will result in 320,000 additional international arrivals during this time (1,633,000 in 1990 to 1,953,000 person-visitors in 1999). Alberta has been placing continued emphasis on the development of tourism and has the natural resources and scenic beauty that attracts international travellers. The major factor which may impede

international market development is the lack of direct air transportation into the province.

Not surprisingly, the largest growth from international markets will be seen in the Asian and Oceanian countries. These are the countries which are showing the most growth in international departures and their economies are also experiencing the fastest growth. Japan and Taiwan will be strong Asian markets in the 1990's and the U.K., and France show the best short term European potential for growth.

IV

Product Market Trends

In this chapter we highlight the expected demand in the 1990's for various tourism products relevant to the Bow-Canmore area. Our overview covers outdoor activity products, transient accommodation and recreation real estate, and the meetings and convention market.

A. Market trends for outdoor activity

1. Outlook for adventure travel

A recent study completed for the Outdoor Recreation Council of British Columbia defines adventure travel as: "a leisure activity that takes place in an unusual, exotic, remote or wilderness destination and tends to be associated with high levels of activity by the participants, most of it outdoors". A differentiation between hard and soft adventure travel must be made[1]. The fact that the definition of adventure is very much dependent on the participant makes it very hard to define. To some individuals, travelling to the Queen Charlotte Islands in B.C. or the Mackenzie Delta in the Northwest Territories is an adventure in itself and needs no further activities. In order to accommodate this subjective component, many individuals use the terms "hard" and "soft" adventure. However, these terms also have to be used with caution. Some individuals may feel white water rafting is a soft adventure, while others, who may have never been exposed to this environment may consider it risky, exhausting and "hard". The question of whether an adventure activity should be defined as hard or soft adventure travel is really a question of customer motivation.

It is important to note the analysis in this report focuses on adventure activities rather than adventure destinations. Western Canada has the resources to offer world class adventure travel experiences, however, this potential is presently not being realized. The Adventure Travel in Western Canada, Product Development Strategy (Tourism Research Group, 1988) indicated that adventure travel contributed less than 2% to the tourism industry of Western Canada in 1987. As survey of 87

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1 *According to the Adventure Travel Product Development Strategy (Tourism Research Group, 1989)*

operators revealed they generated approximately 1% of Alberta's tourism revenues during the same year (Tourism Product Operators Survey, Travel Alberta, September 1987). An indication of the relative sizes of the adventure travel industry in each province, as shown in the above study, is displayed in Exhibit IV - 1.

Exhibit IV - 1
Volume and value of adventure travel in Western Canada, 1986

Region	Receipts (Millions)	Client-days	Operators
B.C.[1]	$55.70	1,044,600	396
Alberta[2]	3.10	46,000	135
Yukon[3]	1.68	5,000	41
Saskatchewan[4](est.)	1.50	20,000	23
NWT[5]	6.00	6,000	82
Manitoba (est.)	1.50	20,000	N/A

Source: *Adventure Travel in Western Canada - Development Strategy, Tourism Research Group in conjunction with MacLaren Plansearch and Ethos Consulting, September 1988.*

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1 *Adventure Travel in B.C., 1988, Outdoor Recreation Council*

2 *Tourism Product Operator Survey, Travel Alberta, Sept. 1987.*

3 *Wilderness/Adventure Travel Industry, Industry Overview and Development Strategy, 1982, Tourism Yukon.*

4 *Consultant's estimate.*

5 *A Product Development Plan for the Northwest Territories' Tourism Industry.*

In Alberta, B.C., the N.W.T. and Saskatchewan there are 571 adventure travel companies offering a wide variety of activities. There are 135 adventure operators in Alberta which are shown by activity in Exhibit IV - 2. Twenty-one of these operators are located in the Bow-Canmore area.

Exhibit IV - 2
Adventure operators in Western Canada

	Alberta	B.C.	N.W.T.	Saskatchewan	Yukon
River rafting	9	15	2	3	5
Canoeing	9	19	7	4	7
Kayaking	2	16	0	0	1
Back Packing	16	26	4	1	10
Mountaineering	5	4	0	0	0
Nature Observation	30	96	47	6	22
Trail Riding	40	18	1	2	6
Bike Touring	1	5	0	5	0
Heli-Skiing	1	2	0	0	0
Ski Tours	18	15	5	1	1
Dog Sledding	3	1	11	0	2
Boating	1	40	12	2	4
Heli-Hiking	0	4	0	0	0
Total	**135**	**261**	**89**	**24**	**58**

Source: *Adventure Travel in Western Canada, Product Development Strategy, Tourism Research Group in conjunction with MacLaren Plansearch and Ethos Consulting, September, 1988.*

a) Adventure travel is forecast to be the fastest growing segment of the travel industry

The Adventure Travel in Western Canada, Product Development Strategy estimated that adventure travel has grown at an average compound rate of 17% per annum since 1976 with future growth rates of 15 - 21% predicted for the next 5 years. This growth in the adventure product is being prompted by an increasing number of individuals no longer content to take inactive/passive holidays and a desire to experience different activities while on vacation. This attitude is evident in the U.S. market where according to The Travel & Leisure Study: A Survey of Travelling Americans (Louis Harris and Associates, 1989) 63% of travellers took their most recent vacation for the primary reason to add some adventure and excitement to their life. Many of the patrons of very physically demanding adventure products are individuals who have mentally

taxing professions and want to use their holiday as a chance to test their physical skills.

b) Adventure products command high daily expenditures

Although the adventure product segment is small in comparison with the total tourism industry, in 1987 Alberta adventure product patrons spent, on average, $100.00 per day. This was higher than the average daily expenditures of visitors from all origins excepting Japan and Taiwan during the same year.

The typical adventure product patron is:

- 35 - 50 years old;
- has high household and disposable income;
- in a professional or managerial position;
- an active recreationist and frequent traveller;
- resides in an affluent urban area.

c) Growth areas include nature observation, eco-tourism, and wildlife viewing

Recently growth and interest in eco-tourism has been experienced by international adventure product operators. Eco-tourism can be defined as travel whereby the participant gains knowledge of the natural surroundings etc. or where concerted efforts are made to make little or no impacts on the area. They feel this has been promoted by an increasing level of awareness and concern for the environment on the part of the general population. These operators are expecting more growth in this area along with activities such as educational tours and nature observation. Conservation groups and professional societies constitute a strong market for eco-tourism products. Over 12 million U.S. residents are members of some 350 nature, wildlife conservation ecology and environmental groups. According to a study published in the Summer 1989 *Journal of Trade Research* (Tourism Travel Research Association) 84 of these 350 U.S. organizations sponsored 180 package eco-tours in 1987. The average tour package price ranged from $2,000 - $3,000 U.S. for a 7 to 10 day trip and typically included conference/workshop activities as well as field trips. Some 8% of these trips were to Canadian destinations.

Using research results published in this same article, we estimated that the total value of such tours sponsored by these organizations in 1989 would have been $20 million. It is logical to assume that the world market for such eco-tourism packages is many times this amount and given the public's rapidly growing interest in the environment, eco-tourism represents a strong growth opportunity.

Other related non-consumptive products that are expected to have great appeal to the 35-50 age group include soft adventure activities such as: bicycle touring, heli-hiking, trail riding, sail cruising, wildlife viewing, and photo safaris.

In 1987, 22.3% of Albertans participated in a trip for the primary purpose of viewing wildlife according to Marketing Watchable Wildlife Tourism in Alberta (HLA Consultants, GAIA Consultants, Cottonwood Consultants, 1990). Our survey of the Calgary market indicated that 53% of households taking a vacation trip last year participated in some form of wildlife viewing. Alberta's wildlife viewers are more likely to be male, between the ages of 25 to 44, and have at least some post-secondary education. Interest in wildlife viewing does not appear to be correlated with income. United States data provides a similar profile of American wildlife viewers.

No concrete data exists on the wildlife viewer who travels long distances within a province, between provinces, or to another country to view wildlife. However, the best profile of the non-resident travelling to Alberta for wildlife viewing is individuals or couples aged 35 to 50 with high incomes and education, residing in urban centres.

d) Bicycling tours have been consistently popular

Bicycling tours became popular in Europe (France especially) as an alternative way to see the countryside and become immersed in the culture. As a result there are now bike tours available at almost any destination worldwide. Adventure tour operators indicated there has been an consistent and growing interest in bicycle tours since their inception. An increasing awareness and concern for fitness, greater levels of physical fitness among older residents, and improvements in bicycle technology are leading factors contributing to the success of bicycle tours.

e) The white water rafting product is expected to change

White water rafting is a relatively recent entry into the adventure market. One tour operator classified its appeal and market as very similar to the earlier downhill ski markets - young and very socially oriented. Soft white water rafting trips - more akin to float trips - with a nature-orientation, or with

deluxe accommodation and quality meals are expected to show the most growth in the future.

f) Hiking should continue in its popularity

Hiking has been a popular sport for people of all ages and from all walks of life. As indicated by the California Market Potential study hiking was the sport most widely participated in by California residents on their last primary vacation trip. Recently there has been a surge in the number of trekking expeditions in areas such as Nepal, Tibet and India. A wide variety of hiking/trekking expeditions are available, ranging from luxury hiking (deluxe accommodation/meals, all equipment carried) to very physically demanding hikes requiring peak physical skills. Recent political events in the traditional hiking and trekking areas in Asia could provide good opportunities to sell such packages in this product segment in the Bow-Canmore area.

g) Hunting and fishing are important vacation trip activities

In 1981, approximately 9.8% of the Canadian population hunted for recreation, spending an estimated 32.2 million days participating in this activity. The average time spent hunting by each participant was 17.9 days. As shown in Exhibit IV - 3, although participation rates for Albertans are higher than the Canadian average, the number of days per Alberta participant is lower than the national average. U.S. residents have a lower participation rate than Canadians, and Americans that do hunt spend more days per year engaging in this activity.

Exhibit IV - 3
Participation rates and time spent hunting, 1981

Place of Residence	Participation Rate	Average Days per Participant
Canada	9.8%	17.9
Alberta	11.4%	15.4
British Columbia	8.4%	16.2
Saskatchewan	14.8%	16.1
U.S.A.	10.0%	20.2

Source: ***Wildlife and Tourism in Alberta, Prism Environmental Consulting Services, 1988.***

Wildlife species hunted were divided into four game categories (waterfowl, other birds, small and large mammals). Canadians spend more time hunting small mammals than any other game.

Those participating in sports fishing as an activity are predominantly male, with 80% of all active anglers being male. Anglers tend to be underrepresented in the under 25 and 65 and over age groups, with an average age of approximately 43.

Those participating in fresh water sports fishing tend to find the experience of fishing to be more important than actually catching fish. A survey of resident and non-resident anglers in British Columbia found that the three most important factors affecting the enjoyment of sport fishing were: natural beauty of surroundings, quality of water, and access to wilderness. Size and number of fish caught ranked eight and ninth in terms of their importance.

Hunting and fishing appear to be decreasing slightly in popularity as activities undertaken while on vacation trips. According to Statistics Canada's Canadian Travel Survey, 6.7% of all person visitors taken by Canadians in 1986 involved fishing or hunting, while in 1988, only 6.4% of trips involved such activities.

The survey of Calgary residents, undertaken by Canadian Facts as part of this study showed that 30.9% of households taking a vacation trip last year participated in sports fishing on that trip. Just over 11.3% of households participated in hunting on that trip.

h) California, Germany, and the U.K. are strong potential markets

The current penetration of the U.S. and overseas market by Canadian adventure operators is quite small. Adventure Travel in British Columbia: Volume One, 1988 indicated that 36% of total client days spent on adventure travel activities in B.C. in 1986 were accounted for by international visitors. In 1987 approximately 30% of total guest days were accounted for by international guests. More effort is needed to improve the quality of the product and target specific markets in order to increase the international component of the market in Western Canada.

A number of sources (Adventure Travel In Western Canada - Product Development Strategy and Tourism Canada) revealed significant market potential in the following non-resident markets:

- U.S. west coast residents are not only likely to engage in international travel but are most likely to take an adventure oriented trip that involves rafting, mountain climbing and hiking.

- Significant potential exists in the U.K. market for soft adventure trips. The best outlook lies in trips with activities such as walking/nature observation, horse riding and bicycling.

- The adventure traveller and physical activity segments of the German market present the best opportunities for market penetration. Adventure travellers (16% of the German market) like to rough it and experience a simpler lifestyle as a means of finding adventure, excitement and learning new things. Physical activity travellers (25% of the market) enjoy sports.

- Some potential in the Japanese market has been identified as the young college educated Tokyo resident who would be most interested in skiing, golfing, camping, cycling, and trekking.

i) Implications for the Bow-Canmore area

The present product base in the Bow-Canmore area combined with anticipated growth levels in the adventure tourism market indicate this product has good development potential for the area. The existing development restrictions in Banff National Park limit the opportunity to base such activities as heli-hiking, bicycle touring, or long distance overnight trail riding in the park. The extensive land resource and location of the Bow-Canmore area provide an excellent base for adventure product development.

Eco-tourism, nature tours and wildlife viewing have been experiencing growth in recent years, while activities such as fishing and hunting have been declining as a vacation activity. These two trends are compatible. As more individuals become more aware of, and concerned for the environment, larger emphasis on non-consumptive vs. consumptive recreational activities will be observed. Although hunting and fishing are declining as vacation activities, there may be some potential for Bow-Canmore area operators to package these experiences for those who are visiting the Banff/Bow-Canmore area, and obviously not able to pursue them in the National Park.

The interest by specific international market segments (such as the U.K., the adventure and physical activity German travellers, U.S. west coast residents, and young college educated Tokyo residents) indicates the development of adventure products could strengthen the international market appeal of the Bow-Canmore area. All of the above market segments indicated an interest in hiking/trekking or walking. The development of guided day hikes, which would incorporate nature and wildlife viewing, is one potential product which could be developed to appeal to the international markets.

The development of outdoor adventure activities in the Bow-Canmore area will be positive for the following reasons:

- Development and activities can be planned to minimize the environmental impact on the area.
- Individuals involved with and attracted to non-consumptive outdoor sports have high disposable household incomes and may contribute greater economic benefits to the area.
- Development of adventure products will fulfill market demand presently not served in Banff. Thus, Bow-Canmore can attract and develop this niche market.

2. Market trends in alpine and nordic skiing

a) Alpine skiing is currently increasing at a much faster rate in Canada than in the United States

Alpine skiing experienced explosive growth rates during the 1960's and early 1970's averaging 20 - 30% per year. Since that time the rate of growth has declined dramatically in the U.S. to approximately 1% per year while Canada continues to experience growth rates averaging 6% per year. British Columbia and Alberta are experiencing faster growth in skier visits than the surrounding states of Washington, Montana and Oregon. The reasons for this superior growth rate are the development of Whistler and increased lift capacity at Sunshine and Lake Louise. Resort operators feel that these improvements have produced greater interest in skiing at their resorts. Comparable skier visit growth rates are shown in Exhibit IV - 4.

Exhibit IV - 4
Comparable skier visit growth (1978/78 - 1988/89)

Area	Skier Visits 1978-79	Skier Visits 1988-89	Total Change 78/79—88/89 (%)	Annual Average Change (%)
British Columbia	1,526,554	3,446,613	+126	+11.5
Alberta	1,135,892	1,820,478	+60	+5.5
Washington	1,515,077	2,032,720	+34	+3.1
Oregon	975,334	1,537,871	+58	+5.3
Montana	705,000	885,820	+26	+2.3
Total	5,857,857	9,723,502	+66	+6.0

Sources: *Economic Analysis of North American Ski Areas (1987-88), University of Colorado, British Columbia Mountain Resorts (1988/89), Ministry of Tourism, Tourism Development Branch.*

b) The participation rate of older individuals is increasing

The demographics of alpine skiers are changing to include increasing numbers of older skiers. Growth rates in skier participation are increasing fastest for the 35+ age group in both the United States and Canada. Colorado, which attracts mainly destination skiers, has experienced a 37.6% increase in the percentage of skiers over 35, while an 11% decrease in the 18 - 36 age group and a 26.5% decrease in the 17 and under age group has been experienced. The large decrease in the under 17 age group is the result of the changing traveller characteristics outlined in the preceding sections. Greater numbers of adult pleasure travellers are taking vacations without children. It is important to note that these figures may be skewed somewhat due to the destination nature of the Colorado resorts. These resorts would typically attract older, more affluent individuals than would be experienced at other North American ski areas with a larger local client base. At present, on average, the largest group of downhill skiers in the U.S.A. continues to be males, 18 - 34 years old who account for 38.7% of total skier days. However, the trends Colorado destinations are experiencing may be at the forefront of increasing demographic changes. Proportionate changes in age groups are shown in Exhibit IV - 5.

Exhibit IV - 5
Trends in the age of skiers (Colorado)

	% over 35	% 18-36	% 17 and under
1989	52.6	42.5	4.9
1987	42.6	53.3	4.1
1977	31.4	63.3	5.3
1967	15.0	53.6	31.4

Source: *C.R. Goeldner, Benchmark Demographics, Ski Area Management, November, 1989.*

c) Ski resorts are modernizing resulting in an increase in average size and capacity

In an effort to encourage skiers to participate more, and to attract non-skiers to the slopes, ski areas are investing tremendous amounts of capital to improve lifts, runs and skier amenities. High speed quad chairs have become a necessity for most ski areas. Although skier visits increased only 8% in the last ten years in the United States, total investment in gross fixed assets increased 225%. These new improvements in technology increase the capacity of the ski areas, while allowing the skier to ski more in a day than was previously possible.

d) The nature of the ski day has changed for the consumer

The technological improvements to life capacity along with an gradual aging of the population has resulted in a shift in the typical ski day. Instead of skiing aggressively from 8:30 a.m. to 4:30 p.m., people are now able to get the same number of runs in by 2:00 or are not skiing as hard and want to quit by mid-afternoon. The shortening of the ski day has resulted in greater emphasis and demand for on-hill entertainment, shopping facilities and other apres ski activities. To participate in many of the apres ski activities available, enjoy the full experience of a ski holiday, and have the flexibility to start and stop skiing at any time, the consumer is exhibiting an increasing demand for on-hill accommodation.

e) Participation in nordic skiing is experiencing slower growth than alpine skiing in Canada

An estimated 3.5 million Canadians participate in nordic skiing. The participation rate is 6% lower than the participation rate of Canadian alpine

skiers, however, unlike alpine skiing, nordic skiing has been experiencinc flat growth rates. The demographic profile of nordic ski enthusiasts seems to indicate participation in the sport could increase with the aging of the population as a greater percentage of nordic than alpine skiers are over 35. Demographic comparisons of alpine and nordic skiers are outlined in Exhibit IV - 6.

Exhibit IV - 6
Demographic comparisons of alpine and nordic skiers

	Alpine Skiers	Nordic Skiers
Male (as % of total participants)	60%	49%
Female (as % of total participants)	40%	51%
% of participants with household incomes above $50,000 U.S.	41.5%	30.6%
% of skiers over 35 years	24.3%	38.2%
Average no. of days skied per year	6.7	7.2

Sources: *American Sports Analysis, 1989, Ski Area Management, July, 1989., The Demand for Skiing, Charles Goeldner, University of Colorado, 1990, National Sporting Goods Association, 1989.*

f) Implications for the Bow-Canmore area

Research on the typical Alberta skier has shown that Alberta attracts serious skiers who are attracted by the terrain and snow conditions but not overly concerned with on-hill accommodation and apres-ski activities. Decreasing participation rates, an aging of the skier population, and greater demand for skier amenities will have an adverse effect on the Alberta ski market. Although these trends may not have an immediate or short-term effect, they will have long-term implications on Alberta's ski markets.

The demand for on-hill accommodation can be lessened by providing a convenient transportation system from the Bow-Canmore area to the 5 ski areas within the vicinity of the area. The opportunity to ski a variety of ski areas on vacation is a very desirable feature and could be marketed this way. The necessity of a convenient and regular transportation system is emphasized by skiers' apparent desire to be flexible - they want to start or stop skiing when they want - not when the transportation system dictates. In addition, the

transportation system can provide easy access to restaurants, shops etc. in the region.

The Bow-Canmore area can be very successful in attracting the current non-skiing market. Typically, this market feels intimidated by the alpine skiing experience. Amongst other things, increased marketing must be undertaken to change the image of downhill skiing to make it less threatening to the non-skier market. The Bow-Canmore area may have the unique ability to offer a winter vacation experience combining a few days of alpine skiing (lessons included) with other winter activities (e.g.. sleigh rides, skating, snow shoeing, cross-country skiing, tobogganing, ice fishing, ice climbing) while providing a location that is off the hill and more comfortable for the non-skier.

3. Market trends in golfing

a) Golf faces severe undersupply across North America

The Professional Golf Association in the U.S. has projected that more than one new golf course must be developed each day from now until the year 2000 in order to keep pace with expected demand. For example, in the United States, demand currently exceeds supply by 720 courses. By the year 2000, however, the shortfall will be almost 4500 courses assuming no new construction. To provide another illustration of the extent to which golf demand has outstripped supply, since the 1970's, the number of golfers in North America has increased by 94% but the number of golf facilities increased only 24%.

The Alberta Leisure Golfing Market Demand Analysis (Manecon Partnership, National Golf Foundation G.P.E.C. Consulting Ltd., 1988) identified a similar shortage of golf supply in the province of Alberta. The study revealed that the golf rounds played in Edmonton and Calgary exceeded estimated capacity, and that under a medium growth scenario, a further 20 courses in Edmonton, and 22 in Calgary would be required by 2025.

The construction of new courses may even drive golf participation beyond currently projected levels. Golf, to this point in its development, has been a supply-driven activity. High per capita participation rates are generally characterized by ready and open access to golf facilities. Low participation rates are associated with limited access.

b) Demographic attributes of golfers

The typical demographic profile of a golfer is as follows:

- Male.

- Between 25 and 44 years of age.
- Household is headed by a professional or someone in a technical position.
- Both adults work.
- 35.5% of golfing households earn more than $40,000/annum.
- Likely to have one child at home under the age of 18.

There are of course, some exceptions to this "average golfer" profile. For example, participation by women is increasing. In 1983, 21% of first-time golfers were women, whereas in 1986, 37% were women. Additionally, although most golfers are in the 25 to 44 age group, seniors are very important to the game. Seniors over 60 make up 16.5% of the golf population but account for 33% of all rounds played.

A trend towards a decrease in the percentage of first-time junior players is occurring. In 1983, 42% of first-time players were junior, whereas in 1986, only 32% were junior.

A very strong relationship between golf participation and higher income levels exists. The mean household income of golfers is 29% above the national average. Only 2.65% of individuals from households with an annual income of less than $10,000 play golf, whereas 19.9% of people with incomes of over $75,000 play golf. In the United States, 43% of golfers come from households with income exceeding $50,000 per year while only 26.6% of the U.S. population comes from such households.

c) Albertans have above average participation in the game of golf

The golf participation rate of Albertans 12 years of age and older is about 30%. This is considerably higher than the average participation rate for the rest of Canada, which is 23.61%. On average, 40.3% of Alberta households have at least one person who golfed an Alberta course in 1988.

Frequency of play varies tremendously. Frequent golfers often who play more than 25 rounds per year, are very important contributors to the number of rounds of golf demanded. This group comprised 24% of the golfing population, and accounted for more than 75% of rounds played in 1988. One-quarter of golfers played 25 or more rounds in 1988, while less than 20% golfed only one or two rounds. Calgary golfers tend to play less frequently than U.S. golfers playing 11.7 rounds per year as opposed to 20.2 rounds. Nearly one-half of all frequent golfers have played for at least 20 years, and

only 22% of infrequent golfers have played that long. About 40% of all infrequent golfers have played golf for less than 5 years, whereas only 17% of frequent golfers have played only five years.

Not only are there varied participation levels, but also varied investment levels. Golfers over 50 years of age have the greatest economic impact on the game. Just over 46% of all golf spending is done by golfers over 50, while they make up 28% of the golfing population. Golfers under 50 spend $217 per year at the course, while those over 50 spend $460 per year.

d) Even medium growth scenarios result in substantially increased golf activity for Alberta

In 1988, almost 30% of all Alberta residents golfed approximately 5.8 million rounds in Alberta. Medium growth scenario forecasts estimate that by 2025 over 9 million rounds (54% higher than in 1988) will be played by 816,000 golfers (41% higher than 1988). For more details, please refer to Exhibit IV - 7.

Exhibit IV - 7
Forecast of golfing in Alberta by Alberta residents

	1988	1993	2003	2018	2025
Thousands of Golfers					
Low Growth	577.0	594.0	641.4	680.5	704.5
Medium Growth	577.0	608.9	680.1	772.1	816.1
High Growth	577.0	621.3	720.5	861.4	923.9
Millions of Rounds					
Low Growth	5.86	6.21	6.95	7.64	7.94
Medium Growth	5.86	6.33	7.31	8.54	9.05
High Growth	5.86	6.45	7.72	9.43	10.13

Source: *Alberta Leisure Golfing Market Demand Analysis, 1988*

Similar growth rates are projected for throughout North America. The impact of increases in participation by Albertans and other countries on the demand for golf in the Bow-Canmore area is detailed in a later section of this report.

e) The golf tourist represents mixed potential

According to Golf Tourism in British Columbia: A Market and Product Overview (The Tourism Research Group, Mick Collins and Associates, 1988), 32% of the American golf population, or close to 6.5 million people took a golf vacation in 1985. These findings resulted from a 1985 National Golf Foundation survey, which defined a golf vacation as a trip away from home that involved an overnight stay and at least one round of golf. While this represents a large potential market, Canada does not rank amongst the ten leading destinations for golf vacations taken by Americans.

With respect to visitors from origins other than the U.S., Tourism Canada market research revealed that golf was rated as the least desired feature in their choice of a vacation destination by the Singapore, Hong Kong, and Swiss markets and is not a major activity for the Japanese, West German, French and U.K. markets.

Japanese tourists do not typically take "golf tour" holidays, although golf may be a component of the trip. Due to restricted air lift capacity out of Japan, the few outbound tour packagers that control the market can sell seats many times over for traditional touring packages (i.e. Vancouver-Banff-Niagra Falls). According to experts, due to the conservative nature of these packagers, they are reluctant to block reserve seats for the yet unproven golf tour market. The Japanese golf tour market that does exist is drawn to prestige, "name brand" courses such as Augusta or Pebble Beach.

Estimates of golf potential from various origins are addressed in Chapter V.

f) A number of growth generators for golf exist

A number of broad economic, social, and demographic trends are acting as growth generators for participation in golf. These include:

- Higher incomes.
- Aging population.
- Earlier retirement.
- More leisure time.
- Flex time work place.
- Residential mobility.

At the same time, there are a number of barriers of, or inhibitors which prevent a degree of growth in golf participation. These include:

- Longer life spans and increasing health add to increase the attractiveness of alternative leisure pursuits to the 40+ age group.
- The trend to delay childbirth means that children are still at home later in life when leisure time begins to increase.
- The cost of equipment and green fees.
- The fact that many baby boomers will not be able to afford to retire and will challenge mandatory retirement.

Most of the forecasts for increased golf participation are tied to demographic factors. It is difficult to quantify the impact that some of the softer factors such as challenging retirement or delayed childbirth will have on the accuracy of these forecasts.

g) Implications for the Bow-Canmore area

A substantial opportunity for golf course development exists in the Bow-Canmore area due to the existing undersupply in the golf sector and to the forecast increases (indicated in the Alberta Leisure Golfing Market Demand Analysis and by the National Golf Foundation) in participation by Albertans and many of those that visit the area as tourists.

The distance from Calgary may pose a problem in penetrating the important Calgary market. Calgary golfers play close to 12 rounds per year. Usually, the largest distance that golfers are willing to travel for an occasional round is 41 minutes one way. The above study also showed, however, that a large number of golfers in Edmonton and Calgary travel for as long as one hour to golf at less crowded rural courses.

In terms of the initial golf course development (shown later in Chapter V as needed to meet current excess demand) that should occur in the Bow-Canmore area, a "name-brand" designer course should be included along with 18 hole, regulation courses of challenging design, and maintained to outstanding levels. Focus group research conducted as part of the Alberta Leisure Golfing Demand Analysis indicated that courses do not need to be designed by famous designers, but must be well-designed and impeccably maintained to appease the local and regional markets. The review of the experience of comparable areas showed that in terms of appealing to the golf tourism market, however, one "name-brand" designer course may be necessary to act as an anchor for the area.

Subsequent golf course development should be focussed by an assessment of the relative demand for each type of initially constructed course.

Some demand may exist for residential development associated with golf courses in Alberta. Almost 42% of Albertans aged eighteen and over surveyed as part of the above study indicated that they would consider purchasing or leasing residential accommodation at a golf resort in Alberta. The most popular locations were Rocky Mountain and foothills areas with 31.1% and 23.1% of the interested group preferring those areas, respectively.

Calgary golfers, however, indicated a desire to live close to a golf course, but not on one. They also suggested that winter facilities for downhill and nordic skiing were imperative.

Elsewhere in North America, real estate developers have been using new golf courses as a drawing card to their housing developments. More that 8% of courses in the U. S. are currently associated with established real estate. Between 70% and 80% of new courses are connected to real estate development. Almost two-thirds of total golf-related real estate in the U.S. is attributable to non-golfers. Alberta non-golfers are not significantly interested in real estate on or near golf courses. Given the U.S. trend, however, Alberta non-golfer purchase or lease of golf course - related real estate may emerge as a future trend.

Further development of the golfing product in the Bow-Canmore area may induce out of province golf travel to stay within the province. Almost 40% of Alberta golfers golfed outside Alberta in 1988. The Golf Tourism in British Columbia Study presents Alberta as an excellent market for that province. It states that a shortage of courses in urban centres, a lack of capacity in the scenic, resort-oriented areas of Banff, Jasper and Kananaskis coupled with a short season has created a sizeable amount of demand in the Prairies.

The Canadian Facts survey and the above referenced Alberta study provided evidence that a need exists to bundle other activities with the golf experience. Exhibit IV - 8 below shows that the activity interest that correlates most strongly with interest in golfing in the Canmore area is dining, followed by visiting interpretive centres and exhibits.

Exhibit IV - 8
Activities correlating with interest in golfing in the Canmore area

Activity	Percentage of those interested in golfing around Canmore who are also interested in undertaking another activity in the area
Dining	90.7%
Visiting interpretive centres or exhibits	83.1%
Viewing wildlife	73.2%
Shopping	68.9%
Hiking or backpacking	66.1%

Lastly, amenities for non-golfing family members should be included in golf course developments in the area. This will aid in penetrating the local market. Such amenities might include swimming pools or tennis courts.

B. Market trends in recreational vehicle travel and camping

1. Camping participation has regained ground in Western Canada

Throughout the 1980's a decrease in the popularity of camping was experienced in Alberta and B.C. The Alberta Recreation and Parks 1988 General Recreation Survey found that the percentage of Alberta households participating in camping declined 14% from 65% in 1981 to 51% in 1988. In addition, the Canadian Parks Service Western Region Camper Survey Market Assessment (Wood Bay Consulting Group Limited, 1989) found a decrease in camper party nights from 1982 to 1986/87. At that point there was a turn around and participation again reached 1982 levels. The decline in participation has been attributed to the economic situation at that time, and to the present and short-term (10-15 years) projected decrease in leisure time.

2. Group camping has shown increases in the United States

According to the U.S. National Park Service camping participation has remained fairly steady throughout the 1980's. They have seen slight decreases in back country camping and a decline in the use of R.V. facilities since 1987. In addition, increases in group camping has been experienced in U.S. National Parks with large demand demonstrated. Increasing numbers of group campers are also being seen in Kananaskis Country. In the 1987/88 season there were 23,261 group users while in

1988/89 there were 26,409 group users, an increase of approximately 14% (Alberta Recreation and Parks).

3. Recreation vehicle users account for a greater proportion of utilized campground nights

Recreation vehicle users are fewer in number than tent users, however they account for a greater proportion of the utilized campsite nights. R.V. users account for 26% of the camper population while contributing 42% of utilized campground nights. Exhibit IV - 9 displays the importance of R.V. users to campground utilization.

Exhibit IV - 9
Camping equipment use and participation

Equipment	% of Campers[1]	Average Nights per Season	Campground Nights
Tents	52%	10	520
Truck Campers/vans	20%	N/A	N/A
Trailers/5th wheelers	13%	15	195
Motorhomes	13%	15	195
Tent Trailers	12%	N/A	N/A
	108%		910

Source: *Canadian Parks Service Western Region Camper Survey Market Assessment, Wood Bay Consulting Group Limited, October, 1989.*

4. Recreation vehicle sales have experienced flat growth

Recreation vehicle ownership remained steady or declined somewhat during the 1980's. The decline can be attributed to decreased leisure time by a large portion of the population (i.e. baby boomers). This trend can be expected to continue until the baby boomers reach a stage in life where their leisure time will increase. At that point increases in R.V. usage will be experienced. However, it is difficult to determine whether the increased usage will result in increased ownership or rentals.

[1] *Sum exceed 100 due to the use of multiple types of equipment.*

Currently there are about 27 million R.V. users in Canada and the U.S.. The typical R.V. touring vacation averages 23 days and covers 5900 miles in distance. The trend toward declining ownership of R.V.'s is evident throughout North America as shown by the North American recreation vehicle sales figures outlined below in Exhibit IV - 10.

Exhibit IV - 10
Growth (Decline) in R.V. sales in North America

	1985	1986	1987	1988	1989
% Growth (decline) in sales	1%	0%	7.3%	5.2%	(3.4%)

Source: *R.V. Business, September, 1989*

5. Recreation vehicle rentals have experienced strong growth

Although R.V. sales have been declining, R.V. rentals have been exhibiting strong growth in recent years. Some local operators have experienced increases of approximately 40% in the first 6 months of 1990 over 1989 levels. This is consistent with the B.C. experience where motorhome and R.V. rentals have increased 20% in 1988 over 1986 levels. (Canadian Parks Service Western Regional Camper Survey Market Assessment, Wood Bay Consulting Group Limited, 1989).

Motorhome rental operators have indicated up to 80% of their business originates overseas. Of the overseas origins Germans comprise the largest market. Other origins which are also important include: Switzerland, Austria, Italy, France, U.K., Australia and New Zealand. One operator also indicated they are starting to experience small increases in the Japanese market. This trend is consistent with the growth of the independent traveller Japanese market highlighted earlier.

The average length of rental is 26 days, with an average party size of 3.5 people. The three most common party types are:

- Families.
- One Couple.
- Two Couples.

One of the largest motorhome rental agencies in Alberta indicated they are starting to deal with repeat clientele who want to participate in more specific activities than

experienced on their first trip. The first trip generally consists of a touring type trip whereas on their second trip visitors want to do more activities such as:

- Heli-hiking.
- Heli-touring.
- White water rafting.

Overall, R.V. users visit the area to enjoy the outdoors and the wide open spaces. The development of activities which allow this while providing good customer service will result in higher visitation by R.V. rental visitors.

6. The camping market can be categorized into three market segments

The Canadian Parks Service Western Region Camper Survey Market Assessment segmented campers into three non-distinct market segments based on a variety of socio-demographic and behavioral variables. The three segments, with a brief description of facilities important to each segment, are outlined below:

Group 1—Adult campers under 45 (singles or couples without children who predominantly use tents).

- Comprise 25% of current campers.
- A natural camping environment and access to outdoor recreational activities are important to this segment.
- Have an above average interest in experiencing challenge and adventure on their camping trips.

Group 2—Adult campers 45+ (singles without children) who usually use R.V.'s.

- Account for 16% of current campers.
- Majority of this group use recreation vehicles.
- Most likely to have increased camping activity in last 10 years (including camping in the shoulder seasons).
- Natural camping environment, privacy and access to outdoor recreational activities are of less importance to this group.

Group 3—Families with children that have a mixed pattern of equipment use.

- Greatest proportion of campers.
- Desire to be near washrooms, water and firewood services, outdoor recreational activities, and play facilities for children.
- Sunny locations and small group campsites are important to this group.

The most essential elements to a majority of campers are campsites which are:

- Quiet and have a feeling of privacy.
- In a natural wilderness type of setting.
- Within easy access to rivers and lakes.
- Close to washrooms, drinking water and firewood.

Basic services such as cold running water, and split/dry firewood are important to a majority of campers. The above features of importance identified by the Canadian Parks Service are fairly similar to those identified in the Alberta Recreation and Parks Auto Access Camping in Alberta (Thompson Economic Consulting Services, 1989). In this study the most important features in campground selection were identified as:

- Natural and scenic campground setting.
- Campground security.
- Beaches, playgrounds, and picnic areas.
- Facilities for walking, hiking and nature observation.
- Basic services such as toilets, stoves, fireplaces and running water.

Overall, the setting of the campground is the most important feature considered in campground selection. Although the availability of serviced sites is not ranked highly by a majority of campers, the Fundy Campground Study (ADI Limited, 1986) found the length of stay at serviced sites is twice the length of stay at unserviced campsites.

7. Interpretive/naturalist programs are more important to non-resident campers

In the Canadian Park Service Camper Survey, local campers indicated that the provision of interpretive facilities and services were one of the least important and the availability of outdoor recreational activities one of the most important factors in the campground decision. However, non-resident campers who are from a further distance feel the provision of these services is more important and necessary for them to understand and learn about the area they are visiting.

8. More people are switching to developed campsites

Almost half of the campers interviewed for the Canadian Parks Service Western Region Camper Survey indicated that they are now staying in more up-to-date, developed campgrounds, have switched from a tent to a camping vehicle, or are travelling shorter distances to camp than they did in the past.

9. Long-stay campgrounds are appealing

A number of the experts interviewed thought a long-stay campground could be appealing in the Bow-Canmore area. This type of campground is presently experiencing success in areas such as the Columbia Valley and a number of states in the U.S.. Long-stay campgrounds may be popular with the repeat segment of R.V. rental visitors. As mentioned previously, repeat visitors want to engage in more specific activities rather than touring. Therefore, they may be interested in staying in one campsite and participating in activities in the immediate area.

The reason for optimism about the market potential of this concept relates to the reaction of Calgary residents in the Calgary market survey conducted for this study. Almost 12% of Calgarians indicated they would be very likely to stay at leased campsites in the Canmore area in the Calgary Resident Survey. Based on a population of 750,000 this represents a potential market of 90,000 households.

10. Outlook for camping participation

Participation in camping is expected to remain steady throughout the 1990's. Research has indicated that camping participation is closely linked to leisure time and the family cycle state. Individuals that are most likely to be camping more now and in the future than in the past include those that are over 45 with grown children or no children in the household. In the next 20 to 25 years as the baby boomer population ages, reaches retirement and has increased discretionary leisure time, growth in camping participation may be experienced.

11. Implications for the Bow-Canmore area

There are two sets of implications for campground development/modification for the Bow-Canmore area.

a) **Short-term**

- Camping participation is expected to remain stable. Therefore, very few new campground facilities will be needed in the area.
- Group camping is increasing indicating the necessity of more group camping facilities.

b) **Long-term**

There are a number of trends which indicate more R.V. facilities will be required.

- As individuals age they tend to switch to developed campsites and R.V. vehicles. R.V. users are also more active campers. Once the baby boomer population reaches the empty nest or early retirement stage, greater demand will be experienced for R.V. facilities.
- R.V. rentals are experiencing rapid growth and are expected to continue in the future
- Presently, families with children who have a mixed pattern of equipment use are the largest group of camping participants. As the population ages, a shift toward more adult campers, 45+, singles/couples without children who usually use R.V.'s will be observed. This will mean children's play facilities will become less important and additional demand for R.V. sites will occur.

C. Accommodation and recreational real estate trends

The variety, quality and appeal of accommodation offered in a resort area largely determines the diversity of markets attracted to the area. Pricing (and availability) of accommodation forms an image or perception of the resort area. Modifications to the accommodation base can substantially alter the market mix.

For the purpose of our analysis three types of accommodation have been considered, specifically:

- Tourist accommodation (e.g. hotels, "stand-alone" resorts).
- Recreational-residential housing (residences or "second homes", both owned and rented).
- Timesharing (interval ownership).

Many successful resort areas contain all three types of accommodation. Tourist accommodation is often supplemented by a "rental pool" including timeshare units and often a segment of privately owned recreational-residential housing units. The rental pool allows greater tourist usage of the resort area in peak seasons, without the development of additional tourist accommodation that would be uneconomical during shoulder and off-peak seasons.

The supply of accommodation units in a resort area and the proportion of tourist, second home and timesharing units are based on a number of factors. One of the most significant factors is the visitation potential of the resort on a year-round basis. The quantity and quality of accommodation units and the desirability of these units (from a resale perspective) is highly dependent on the number of days in a year that sufficient demand can be generated to make the real estate profitable and therefore, a good investment. With few exceptions, a minimum of 2 1/2 seasons (e.g. summer, winter and part of spring or fall) are required, unless the resort has a particular one season focus and remains only partially operational for the balance of the year. In the latter case it is unlikely that a major national or international hotel management company would participate in operation of the resort.

Other factors include:

- Proximity to a major urban centre and international airport.
- Diversity of recreational amenities.
- Land costs.

The Bow-Canmore area is in a relatively positive position with respect to nearly all of the above factors. The development of additional infrastructure to generate demand in the shoulder seasons will further enhance the image of the area as a four season destination.

1. Tourist accommodation

a) Industry overview

The accommodation industry continues to undergo significant changes across North America. Extensive product specialization by major "brand name" hotel chains now includes such different types of properties as budget

hotels/motels, all-suite properties, limited service corporate hotels, luxury hotels and other product types. All of these different types of properties are being developed in an effort to serve particular market niches.

Specialization has affected the development of stand-alone resorts as well, largely a result of rapidly changing market segments and corresponding demand. A number of external factors affect the demand for hotel rooms, and include:

- Deregulation in the airline industry creating inexpensive flights and increasing frequency of travel.
- Demographic shifts towards young couples without children and empty nesters.
- Propensity for two income families (usually with no children) to take several short holidays each year rather than the traditional annual vacation.
- Demand from the leisure segment outpacing growth in the corporate/meeting market (from 20% in 1982 to 39% in 1994).
- A significant number of hotel company consolidations in the 1980's with an expectation of this trend continuing into the 1990's. The top 25 chains in the United States control approximately 50% of all rooms, this proportion grew by about 149% between 1970 and 1985.

The explosion of brand names—about 180 hotel chains in North America now with more than 60 created in the last four years—will shape the growth of both general and resort accommodation into the 1990's. Industry experts feel this increasing specialization will result in a weakening of the middle market hotel chains, in favour of budget or luxury products. Specialization has resulted in strong identities for both the high and low end of the accommodation spectrum leaving middle market chains and independents without a clearly defined image. The rate of specialization will slow in the near future due to indications that the market place is becoming confused.

This appears to conflict with market information presented earlier where we noted the strong interest in moderately priced accommodations particularly among Canadian, U.S. and some European travellers. On the one hand industry experts are suggesting mid-market chains will experience difficulties, while on the other hand, the consumers are indicating a preference for these moderately priced accommodations.

There are several possible explanations for this apparent conflict. One is that the market may be shifting. Economic pressures in the 1980's and over-building in the North American accommodation industry forced the lodging industry to maintain profits through either room rate increases or reduced operating costs. For properties that catered to upscale and luxury markets, room rate increases were not a problem as long as the level of service offered matched the room rate. Other properties were able to meet the needs of the budget conscious traveller by offering a "no frills" service. As a result both budget and upscale properties experienced strong growth during the 1980's. Accordingly if current trends were to continue, one would assume the market would continue to divide into the budget and upscale luxury segments. The expected outcome would logically be for mid-priced properties to lose their competitive position because they are undifferentiated in the market, offering neither luxury or budget service.

However, the market of the 1990's may be different from the 1980's. It could be that what is being experienced in the consumer attitudes is a preference for more services than those typically offered by budget properties, but an unwillingness to pay upscale room rates. Many consumers, for example, are showing a strong interest in "free breakfasts". This is a service which has been typically characteristic of corporate upscale room rate, but is now rapidly working its way through the lodging industry.

A second possible explanation is that the consumer may define "moderately priced" accommodation in several different ways. For example a two bedroom town house style rental unit may rent for several hundred dollars per night. For a single person or couples this may be expensive accommodation. However, for a larger family or group of skiers this may be a moderately priced unit when one considers the cost per person per night inclusive of food costs which can be lower in self-catering accommodations. When the lodging property operators in Banff were interviewed while conducting this study, the lack of town house or condos style accommodation was mentioned as an impediment to developing the ski market. The ski market is often made up of small groups which find town house accommodation the most economical type of accommodation.

Another example is the apparent growing interest in basic cabins as a replacement for camping accommodation, traditionally considered an economical mean of tourist accommodation. A recent national marketing study commission by the Canadian Parks Service found a growing interest in basic cabins to rent as a replacement to the traditional camping accommodations.

Growth in numbers of hotel rooms in urban, suburban and resort settings will be heavily reliant on the ability to obtain financing at economical rates--the

interest rate situation being more pronounced in Canada than the U.S. at the present time. Lenders in both Canada and the U.S. are uncomfortable with the overbuilding that has occurred in the accommodation industry in many major centres.

Overbuilding has had a corresponding effect on average room rates and occupancies. An article in "Lodging Hospitality", a leading U.S.-based trade publication stated that lenders believe a resurgence in U.S. occupancies and average room rates will not occur until 1993 at earliest, possibly not until 1995. Pockets of strong growth are seen, however, and include the west coast and resort areas in general, including Hawaii and Alaska.

These comments are reiterated in an article previewing the Hospitality Industry Investment Conference of June 3-5, 1990. A survey of major lenders to the hospitality industry in the U.S. see three types of properties leading growth in the lodging industry. Of the lenders surveyed, all (100%) saw limited service properties as the fastest growth segment. Resort properties were seen as the second fastest growth segment (60% of respondents rated resorts as second fastest growers) while all suite properties were seen as the third fastest growers by 50% of all respondents.

The influence of proposed development activity in Eastern Europe is only beginning to be felt. Many industry watchers feel this will be one of the strongest growth markets of the current decade rivalled only by Asia in terms of new product development. The impact of this activity will first be felt as the area competes first for investment, and later for a greater share of the tourism market.

b) The resort industry will also undergo significant change

Possibly the single most meaningful trend industry observers predict over the next decade is the rate of leisure-related demand growth for resort properties. While corporate demand, particularly from the convention and meetings sector will continue to grow, leisure demand is projected to grow at a faster pace. A concern of many larger resorts and resort areas for the 1990's is the integration of leisure and convention guests in the same facility.

Exhibit IV - 11 below illustrates resort usage by market segment for various sizes of properties. The dependence on the convention/meetings segments for larger properties is particularly noteworthy.

Exhibit IV - 11
Guest type by resort property size United States—1988

Guest Segment	Room Size <150 rooms	150 - 299	300 - 600	>600	All
Leisure	77.9%	48.1%	46.5%	39.5%	58.7%
Business/ Government	6.5	15.2	8.7	4.6	9.2
Conference/ Meeting	14.5	32.4	41.1	52.4	29.4
Other	1.2	4.3	3.6	3.5	2.7
Total	100%	100%	100%	100%	100%

Source: *Lodging Hospitality, January, 1989*

As with the accommodation industry in general, resort development will be highly influenced by specialization in both product and service offering. Examples of some resort development themes are illustrated in Exhibit IV - 12.

Exhibit IV - 12
Resort development themes and markets for the 1990's

Type	Theme	Market
Hideaway	Private/relaxation	Corporate frequent traveller
Active/Passive	Quiet resort - near activity	Young/active couples
Adventure	Active sports/activity focus	Frequent traveller
Spa Resorts	Fitness/health orientation	All markets[1]
Mini-Vacation	Short-term stays "weekenders"	Nearby urban centres—often affluent
Shopping	Part of "get-away" package	All markets

Source: *Peat Marwick Stevenson & Kellogg*

Since resorts are typically located in environmentally attractive and sensitive areas, environmental approvals are becoming a more involved and lengthy process. Various resort developments have resulted in environmental damage. For example the draining of mangrove swamps has damaged local fisheries, the construction of marinas has destroyed coral reefs and overtaxed sewage systems have contributed to water pollution.

The cost of resort development and operations are considerable. Environmental planning is a major concern in resort development. This fact and the diminishing number of quality (and easily serviceable) resort locations will shape future resort development activity. Resorts will be planned in conjunction with additional, but complimentary, components such as residential housing in order to offset servicing and capital costs.

On the other hand, resorts can be designed to be more in harmony with the environment. For example, they can become models of state-of-the art waste management systems. Development of wildlife habitat areas near resorts can contribute to the enjoyment of resort guests, and interpretive programs sponsored by resorts can go a long way to educate tourists about the importance of the environment. Environmental impact studies conducted around major resort

[1] *A high degree of product diversification and market segmentation is occurring relative to spas.*

developments can also contribute to the existing lack of data about the complex inter-relationships among the species contained within particular eco-systems. In general, resort developments of the future will be more environmentally sensitive. While this will add to the costs of developing resorts, it will also add to their appeal as tourists grow more and more interested in environmental issues and pursue these interests through travel to resorts.

2. Recreational housing

Recreational housing is often an important component of resort development. Recreational housing provides resort developers with:

- A potential source of front end funds through sale of lots/finished units to fund resort development costs including main buildings and amenities.

- Sufficient activity in the shoulder seasons to maintain demand for commercial and retail components of the overall resort development.

Recreational residences or "second homes" are often purchased with various outdoor recreational pastimes in mind such as swimming, boating and other water oriented activities. The lack of traditional water based recreation resources poses certain problems for the Bow-Canmore area although a variety of other recreational amenities are available nearby (i.e. hiking, backpacking).

Various factors are likely to impact on the development of second homes in the future, specifically:

- Dual income families pose both opportunities and potential threats. Opportunity arises from the increase in available disposal income, while the time involvement and scheduling concerns impact negatively on available vacation time.

- The retirement market, a rapidly growing sector, is becoming a dominant force in many resort area developments, particularly those with golf courses as a focus.

- Flexible work plans and improvements in office technology will permit more people to conduct business away from the office environment.

- The trend towards more frequent vacations (both short duration and weekend get-a-ways) is seen as a positive influence toward the purchase of a second residence provided that access from major urban centres is assured.

3. Timesharing

Also referred to as interval ownership, timesharing entails the sale of one or more weeks of "use" of a specific accommodation unit in addition to the pro-rated share of land and building value. For example, a purchaser of one week's use would also own 1/52 of the land and building(s) and certain other amenities as individual agreements permit.

Several factors impact on the success of timesharing ventures:

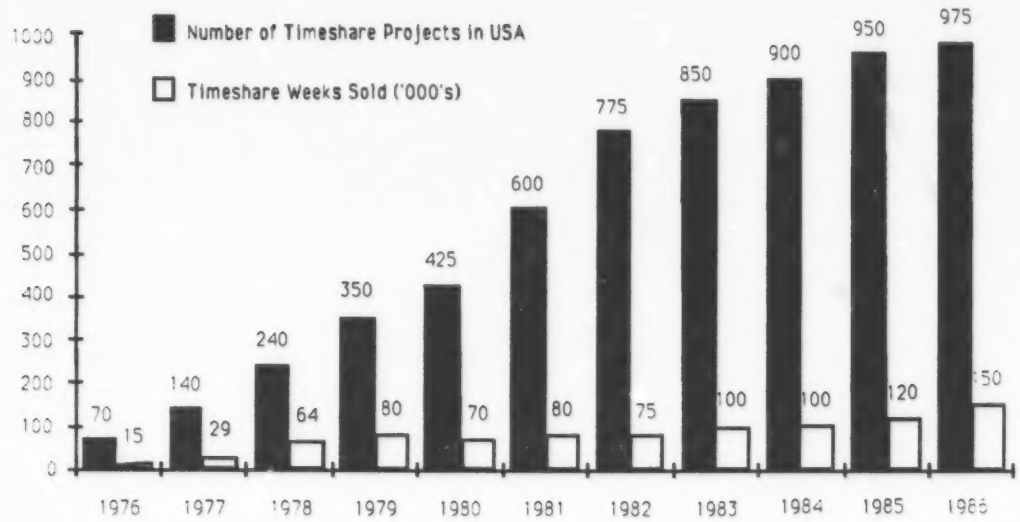
- Location within a four season area—this ensures sales of a majority of the 52 available weeks of use. On average such a timeshare development is 85% occupied.

- The ability to change weeks of use with timesharing units in either locations. The two companies that dominate these exchange networks are: Resorts Condominium International and Interval International.

- Proximity to recreational, social and other amenities. Generally, timeshares are developed as an integral part of a larger resort development not as a stand-alone project. Golf and skiing are prime activity choices for time share properties.

Sales of timeshare units have increased by about 18% per year over the past decade. (Timesharing in the USA; Steven L. Miner; Travel and Tourism Analyst, 1987) Exhibit IV - 13 illustrates both the number of timeshare projects in the United States and the number of timeshare weeks sold from 1976 to 1986. The growth rate of the industry in Canada will be similar to that of the U.S. only to the extent that the success factors mentioned earlier are satisfied.

Exhibit IV - 13
Growth in U.S. timeshare projects and sales 1976—1986



Source: *Timesharing in the U.S.A., The Economist Intelligence Unit, Steven L. Miner, 1987*

Industry experts foresee strong demand for timeshare projects continuing, with predictions that 5-10% of all U.S. households will own at least one timeshare unit by the year 2000. Similar trends to those discussed in the recreation housing section above will impact on the timeshare market. Demographic trends appear to be advantageous for further development. Historically speaking, the U. S. is more amenable to time sharing than Canada. Therefore, these growth rates may not be directly applicable.

4. Implications for the Bow-Canmore area

The profitability of resort real estate developments is dependent on the ability of a resort to sustain a minimum of two-and-a-half seasons. This fact coupled with the necessity of timesharing development to be located within a four season resort to be successful indicates the Bow-Canmore area will have to develop more than just accommodation facilities to be successful. Programming, facilities and amenities must be developed to generate demand for at least 2.5 seasons.

One of the demand generators which will be very important to the Bow-Canmore's ability to maintain demand for 2.5 seasons is the convention and meeting market. This will be especially important for larger properties as an increasing percentage of

room demand is generated by the market for large facilities. As the meeting/convention market is very competitive and new facilities are being constructed in Banff, the resort properties in Bow-Canmore will not only have to offer a competitive product, but be able to generate meeting and convention demand from non-traditional markets.

Successful resorts have a variety of accommodation facilities. The experience of the comparables indicated the following with respect to accommodation development:

- Second home development provides developers with front end funds.
- Second homes often contribute to more traffic during the shoulder seasons.
- Significant numbers of second homes can lead to "dead beds" and low economic impacts.
- Tourist accommodation is necessary (eg. hotels) and can provide good economic benefits.

D. Meetings and convention trends

1. The outlook for meeting and convention activity is strong

The 1990 meetings market study undertaken for Meetings & Conventions magazine indicates that 1989 was a strong growth year in both meetings/conventions attendance and revenues. The "Meetings & Conventions" study estimates the total meetings market will exceed $50 billion U.S. by 1994. Exhibit IV - 14 illustrates growth in both attendance and revenues between 1987 and 1989.

Exhibit IV - 14
Revenue and attendance growth -- U.S. market 1987, 1989

	Revenue (U.S. Billions)	Attendance (Millions)
Corporate Meetings		
1989	$9.69	58.43
1987	7.08	47.34
Association Meetings		
1989	$14.85	21.72
1987	10.0	16.32
Conventions		
1989	$15.05	13.59
1987	11.76	10.74

Source: *Meetings & Conventions, May 1990 supplement.*

2. Meetings and conventions are primarily held during the shoulder seasons

Attracting meetings and conventions to resort locations, who typically experience low occupancies during the shoulder seasons, is very desirable due to their seasonality and economic impact. The majority of meetings and conventions are held during the months of March through June, September, and October. Although this is true for the industry in general, the Colorado comparables indicated high convention activity from June through September.

Meetings and conventions can have significant economic impacts on the area in which they are held. According to the meetings market study undertaken for the Meetings and Conventions Magazine, the average U.S. delegate spends $988 per convention and delegates to other functions spend $577 per event. These figures combined with the increases in spousal and family accompaniment being experienced at convention facilities indicate the large economic impacts conventions and meetings can have on convention/meeting locations. These trends are substantiated by the 50% increase in the number of families that have accompanied meeting attendees at the PGA Sheraton Resort in Palm Beach Gardens, Florida which opened 6 years ago. Convention facility operators in the Flathead Valley indicated they were experiencing the same trends.

3. Resort locations are preferred by many meeting planners

Resorts continue to be a favoured destination for meetings, although more so for corporate than association meetings. From 1983 to 1989 resort locations in the U.S. experienced an 8% increase in the corporate meetings market while airport locations experienced the second largest gain by the same group. Corporations seem to be scheduling more of their meetings at resort and airport locations rather than urban, suburban and conference centres. Changes in market share by location are illustrated in Exhibit IV - 15

Exhibit IV - 15
Locations used for meetings - U.S. corporate and association markets

	1983	1985	1987	1989
Corporate				
Urban	64%	58%	57%	64%
Resort	47	44	47	55
Suburban	47	45	44	44
Airport	24	27	28	29
Conference Centres	19	17	19	17
Association				
Urban	68%	70%	70%	61%
Resort	39	40	36	42
Suburban	34	39	34	34
Airport	24	31	29	24
Conference Centres	11	15	11	9

Source: *Meetings & Conventions, May 1990 supplement.*

Tourism Canada estimates that the resort/urban segment of the international market for Canada is estimated to be 350,000 delegate room nights per year and is expected to increase by about 4% to 5% per year until 1999. This statistic is supported by findings in the "Meetings & Conventions" study that showed Canada clearly in second place of all international destinations as a preferred location to hold meetings and conventions.

4. Facilities and transportation are the two most important considerations in the meeting location decision

The facilities available for hosting a meeting (i.e. meetings rooms and sleeping rooms) are the primary consideration in the meeting location decision. Corresponding with this trend, dedicated conference centres are increasingly being requested by meeting planners on behalf of corporations and associations who have greater facility expectations. Although the comparables analyzed indicated the availability of golf courses were crucial to attracting the meeting and convention market, only 4% of the national meeting planners and 3% of regional and state planners indicated that recreational facilities were an important criterion in the site selection decision. A ranking of factors of importance in meeting site selection is displayed in Exhibit IV - 16.

Exhibit IV - 16
Site selection criteria for groups with non-restricted meeting patterns

	% National	% Regional	% State
Facilities Required	11.4	23.2	26.2
Transportation Access (including parking)	10.6	12.3	14.2
Cost	11.4	10.9	9.2
Hotel cooperation and service	1.2	5.4	2.8
Location (some assoc. meet with other events)	20.8	13.7	14.8
Avail. of facility onspecific dates	2.6	4.1	2.4
Space (includes exhibit space and meeting rooms)	5.3	8.1	8.5
Climate	5.3	8.1	8.5
Recreation	4.0	2.7	2.8
Host Chapter	9.3	8.2	6.4
Member Density	9.3	2.7	4.9
Security	2.0	0.0	0.0
Rotation	9.3	8.2	6.4

Source: SM/Databank, Successful Meetings, Convention and Exhibit Market Profile, 1983

5. Four properties dominate the Banff/Kananaskis meetings and conventions market

Convention and meetings activity in Banff and Kananaskis Country is dominated by the four largest hotels, in addition to the Banff Centre. Exhibit IV - 17 below illustrates meeting/convention capacity at these facilities.

Exhibit IV - 17
Meeting and convention facilities -- Banff/Kananaskis Country 1990

Property	Guestrooms	Largest Banquet	Largest Theatre
Banff Springs	841	600	750
Chateau Lake Louise	550	500	650
Banff Park Lodge	210	450	600
Lodge at Kananaskis	324	475	700
Banff Centre			1000

Source: *Conventions & Meetings Canada 1989-1990.*

With the exception of the Banff Park Lodge, each of the properties listed in Exhibit IV - 15 is managed by Canadian Pacific Hotels. The combined marketing resources of this large hotel management company are an enormous advantage in attracting convention and meeting markets demand. The Banff Centre, which offers lecture theatres of 300 and 1,000 seats, and dormitory style accommodation has also become a significant force in the meetings segment. The Banff Centre's approach differs in that many of the meetings held at the facility are developed and designed by Centre management and are often developed for the educational market.

6. Approximately 21% of room demand at Alberta resort hotels is derived from convention/meeting activity

According to preliminary figures from the Alberta Hotel Study (Peat Marwick Stevenson & Kellogg, 1990) Alberta resort hotels presently derive 21% of their room demand from the convention/corporate meeting sector. Based on an analysis of Alberta Association and Meeting Activity, resort hotels presently capture 14% of the meeting market in Alberta (see Appendix A, page 184 for detailed calculations). With the addition of the Banff Springs and Lake Louise convention facilities, this market penetration rate and the competition to host the meetings can be expected to increase. Individuals interviewed at the Banff Springs indicated the Banff Springs Convention facilities will compete on an equal basis for the Calgary convention/meeting markets.

An expert in the convention/meeting market with the Peat Marwick U.S. practice indicated convention facilities are presently overbuilt and new facilities will result in greater competition in a very competitive market.

In terms of potential future development, a well-known Banff financier is seeking financing for a 450 room hotel with banquet facilities for 500.

The addition of the new facilities and the expected increase in regional market share means that any new convention and meeting facilities will have to offer very competitive facilities and prices. The present competition in the regional market indicates the success of the new facilities will be dependant on their ability to attract national and international meetings and conventions.

7. The incentive travel industry offers potential for larger resort properties in Alberta

Incentive travel is travel by individuals paid for by a company which the individual has received typically as part of an employee, distributor, retailer or end-user customer motivational program. The incentive travel industry is a complex one which suffers from the lack of a clear definition however, one definition offered in a study of the incentive travel industry by the Wharton School is:

"Incentive Travel is the business of designing and supplying travel and travel-related programs to organizations that wish to motivate individuals to achieve a particular standard."[1]

According to Incentive Magazine, Incentive Travel has grown substantially in the past several years and it valued the industry at $2.19 billion in the U.S. in 1988. (See Exhibit IV - 18).

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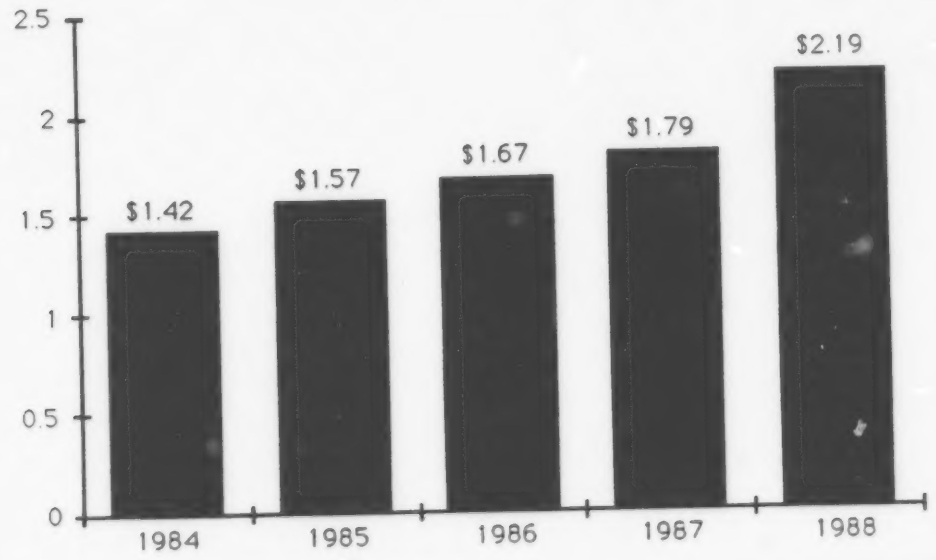
[1] *Incentive Travel, An Industry Analysis; King, Lee et al, Wharton School, University of Pennsylvania., 1990.*

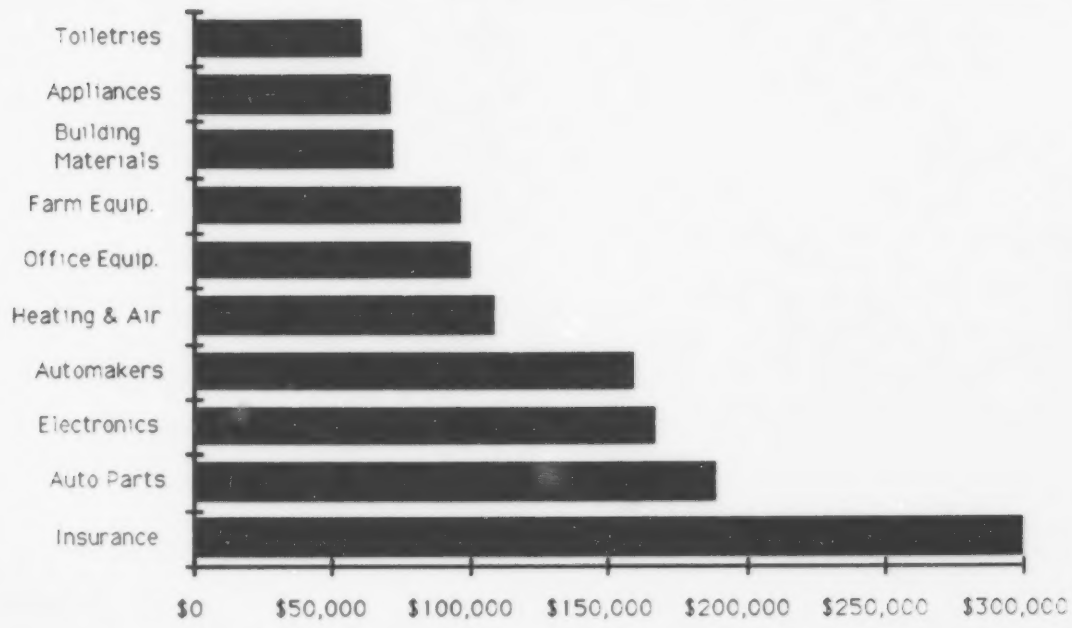
Exhibit IV - 18
Total spending on incentive travel ($ billions) in U.S.



Source: *Incentive Magazine, IT Fact Sheet 1990*

Exhibit IV - 19 shows the top ten users of incentive travel programs in the United States in 1989. The insurance, automotive and electronics/radio/television industries were among the top three, accounting for 61% of the expenditures of the top ten incentive travel users.

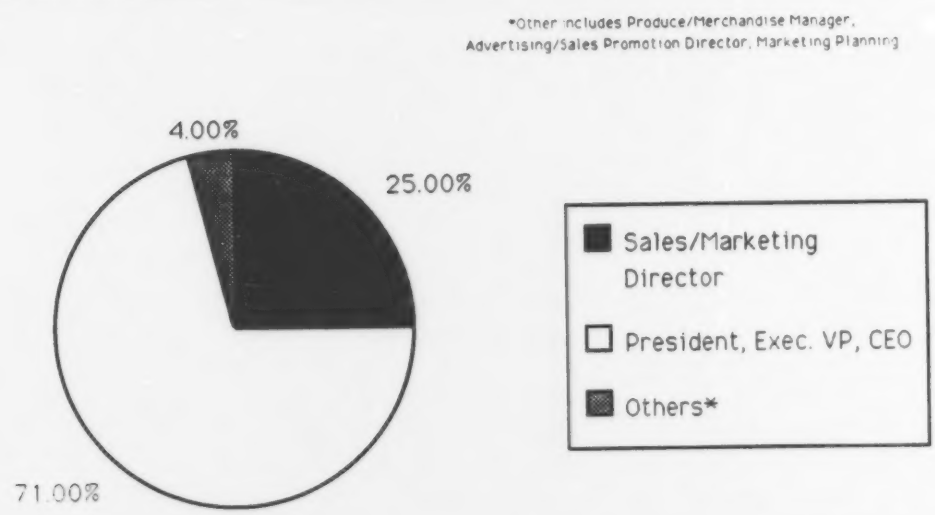
Exhibit IV - 19
Top 10 users of Incentive Travel in U.S. (1989)



Source: ***Incentive Magazine, IT Fact Sheet 1990***

Exhibit IV - 20 shows who makes decisions about the use of incentive travel packages. Presidents, Executive V.P.'s, CEO's and Sales/Marketing Directors make 96% of the decisions concerning the selection of incentive travel offerings. The experience of other colleagues, travel agents, and articles in trade publications are the source of information most frequently used by incentive travel decision makers.

Exhibit IV - 20
Incentive travel decision-makers



The typical incentive travel trip involves group travel. There are several reasons for this including:

- Several employees often meet the incentive target to qualify.
- Group travel is important because the recognition of peers and executive management while on the trip is as important if not more important than the trip itself.
- Individual trips for each winner are more difficult and costly to organize and do not allow for the "recognition from peers" factor so important to incentive travel winners.
- The trip often involves further motivational and educational sessions as part of the trip in addition to the leisure recreational benefits which are part of the trip.

High quality resorts with reasonably good air connections to major urban centres are good locations for incentive travel destinations. Meeting and recreational facilities are obviously important as are shopping and sightseeing tours because most incentive travel winners (who are typically males between 31 and 50) take their spouses along on incentive trips.

Some of the trends expected to impact the incentive travel in the future are:

- A growing interest in shorter incentive travel trips.
- A growing interest in add-on packages which allow the incentive travel winner to stay on at the destination a few days longer at his/her own expense.
- A growing preference for non-group individual travel with a purely leisure focus as opposed to a meeting/convention focus.

Although it is relatively easy to enter the incentive travel business, the greatest success seems to be experienced by larger operations: those with sufficient sales capability and product supply to handle large groups (100 or more). This suggests that serving the incentive travel market is very much like servicing the meetings and convention market.

8. Implications for the Bow-Canmore area

The following trends in the meeting and convention market will have a large impact on the type of meeting facilities which should be developed in the Bow-Canmore area:

- Small meetings (up to 250 people) are expected to dominate the industry in the mid-term. Many of these meetings will have an educational focus.
- Dedicated conference centres are increasingly being requested by meeting planners on behalf of corporations and associations who have greater facility expectations.
- The number of spouses and families travelling with convention delegates will continue to grow.

These trends indicate that large convention centres will not be necessary to meet the needs of a large majority of the meeting and convention market. In addition, the ability to offer assistance with planning spousal and family programs will be increasingly important. Resort properties in the Bow-Canmore area which are well positioned to serve the meetings and conventions market will also be in the best position to serve the incentive travel market.

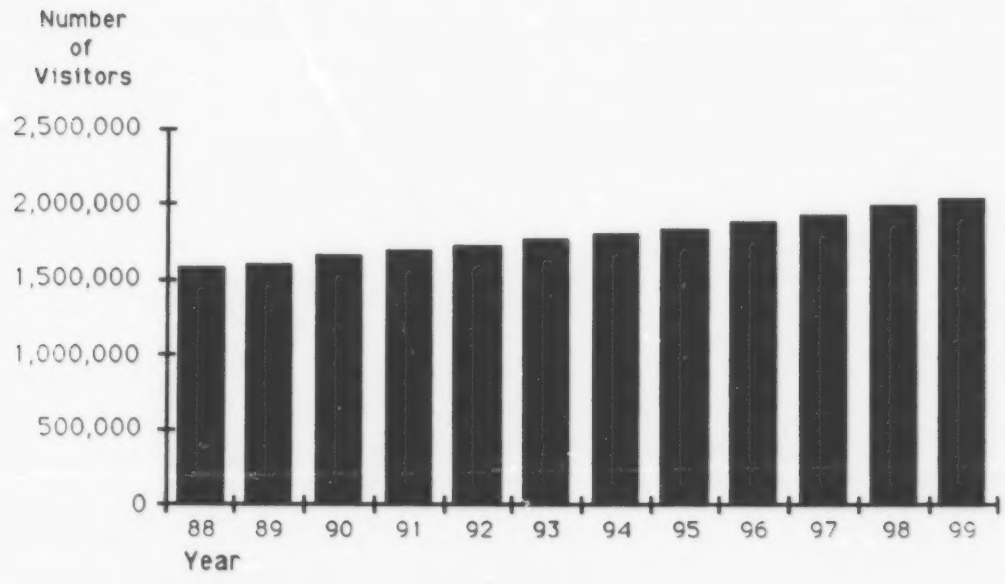
V

Market Opportunities For The Bow-Canmore Area

A. Potential markets to the region

Due to data limitations the development of market forecasts for the Bow-Canmore area were restricted to the use of Banff National Park visitation figures for base visitation. The Banff projections were based on the historical ratio of visitors which Banff has received from total visitation to Alberta, while overseas visitation was accelerated to account for the increasing number of international tourists who will visit this area rather than other parts of the province. This assumption was made on the basis that as world tourism markets become more competitive, it will become more difficult to attract visitors to the province. Therefore, the visitors that do come to Alberta will be destined for the international calibre resort areas - one of them being the Banff area. Projected total visitation to the Bow-Canmore area is shown in Exhibit V - 1.

Exhibit V - 1
Projected visitation to Bow-Canmore/Banff area



Source: *Tourism Canada, Alberta Tourism, Peat Marwick Stevenson & Kellogg from calculations in Appendix A, page 183.*

1. Banff/Bow-Canmore will experience higher levels of overseas visitation

From 1989 to 1999 the proportionate share of overseas visitors to Banff and the Bow-Canmore area will increase from 11.51% (approximately 195,000) to 17.59% (approximately 360,000) of the total visitors. This increase will be the result of more discriminating travellers who will choose to visit world class destinations, and therefore will visit the Banff/Bow-Canmore area when in Alberta. Japanese visitors will show the largest increase with a 4% gain in proportionate representation.

2. The U.S. market will show the largest decrease in proportionate representation

The U.S. market is forecasted to show the largest decreases in proportionate visitation to 1999. This pessimism regarding the potential of the U.S. market was echoed by a number of experts interviewed who are involved in the Banff area. They feel that Banff has achieved its maximum penetration in the U.S. market and

that visitation will decline in the future. However, increases in the market may be realized with target marketing efforts aimed at specific segments of the U.S. population. Therefore, if appropriate market activities and development are initiated, the outlook for U.S. visitation may be greater than forecast.

3. The German market may exhibit stronger growth than forecast

Increases in R.V. rentals, outdoor oriented vacations and resort stays have been exhibited by the German market recently. These preferences combined with the decreasing wilderness and natural areas in Europe should result in more interest in areas such as the Bow-Canmore area, Banff and Kananaskis Country. If development is initiated which emphasizes outdoor attractions combined with resort stays, while leaving the area close to its natural state, German visitation may exceed forecast levels.

4. Specific segments of the Japanese market could be strong long-term markets

Continued encouragement by the Japanese government of overseas travel and the "hometown abroad" concept could result in favorable market response for the Bow-Canmore area. The market segments which exhibit the largest potential for developments in Bow-Canmore include:

- The office lady segment—by offering moderately priced packages.
- The silver-haired market—through development of long-term rentals or second homes targeted to this group.
- The independent traveller market—by offering moderately priced accommodation and jointly promoting the area with R.V. rental companies.
- The family market—by developing moderately priced packages which include transportation and condominium type accommodations.

Overall, to attract any of the above market segments, the Bow-Canmore area will have to provide value for the amount of money the Japanese are spending.

5. The U.K. market could be attracted by condominium accommodation and soft adventure activities

The recent growth in the use of villas and self-catering accommodation by the U.K. market and the increase in independent travel suggests this market could be attracted by fly/drive tours or condominium type accommodation. In light of the Colorado comparable experience, condominium accommodation would be

especially advantageous to attracting the U.K. ski market. Skiers from the U.K. tend to budget tightly on accommodation but spend on other items. Therefore, condominiums would appeal to this market segment.

6. Other Asian markets could be good long-term markets

Other Asian origins such as Taiwan, South Korea and Thailand are experiencing rapidly expanding economies, and corresponding increases in the number of middle and upper class individuals. Many of these societies are experiencing the same trends Japan faced in terms of housing affordability, social norms and customs and consumerization. As more individuals obtain the financial status to satisfy their consumer/material needs the desire to travel to satisfy image/prestige needs will increase. Market segments which could be attracted to the Bow-Canmore include:

- The Taiwanese young office lady segment.
- Middle to high income, middle aged, experienced South Korean travellers.
- Upper income, urban South Korean couples between 20-40 years old.
- Asian "yuppies" from Taiwan, South Korea, Thailand or Singapore.

7. Australians exhibit strong potential for shoulder season travel

The characteristics of Australian travellers which are outlined below make them a very desireable market for the Bow-Canmore area.

- Propensity to travel during shoulder season.
- Long length of vacation.

B. Market potential for accommodation

The type, price, range and quality of new accommodation projects in Bow-Canmore will both set the tone for future development and determine the market focus for the area. Two aspects of quantifying future potential for accommodation have been considered:

- The number of accommodation units needed to satisfy existing markets and projected growth from these markets.
- The growth in visitation that will be generated through provision of new attractions, activities and resort projects themselves.

In total these two aspects will provide an indication of future demand for accommodation supply in Bow-Canmore.

1. Demand from existing markets will eventually outpace supply during peak seasons

Growth in visitation to Banff/Bow-Canmore will continue at a rate of between 1.74% and 3.95% from 1990 to 1999, as discussed previously. Just as growth rates are not similar between years neither is the similarity consistent between different seasons of the same year. Occupancies in hotels in Banff National Park reach and in some cases exceed, 100% during July and August. However, occupancies in the shoulder seasons are often recorded at well below 50%. This variance in occupancy rate makes the addition of new accommodation units subject to several risk factors.

Exhibit V - 2 below outlines the growth in existing accommodation unit supply, based on a 70% pro rata occupancy rate, needed to meet increase in demand projected to 1999. Estimates of Banff, Bow-Canmore, and Kananaskis Country occupancy were derived from extensive interviews and are used as a base for projecting future room nights demanded. Demand growth from year to year includes visitors from all sectors requiring overnight accommodation, excluding campers.

Exhibit V - 2
Future accommodation requirements based on area-wide projected demand growth—without supply induced demand Bow-Canmore 1993 - 1999

	Actual 1989	1993	Projected 1996	1999
Room nights available (5,376 x 365)	1,962,240	1,962,240	1,962,240	1,962,240
Room nights available at 70% pro rata occupancy (5,376 x 365 x 0.7))	1,373,568	1,373,568	1,373,568	1,373,568
Room demand growth rate		9.5%	8.9%	8.5%
Room nights demanded (1989 area wide occupancy assumed at 68%)	1,334,323	1,461,083	1,591,120	1,726,365
Excess (deficit) in room nights available	39,245	(87,515)	(217,552)	(352,797)
Excess (deficit) room units before induced demand	107	(240)	(596)	(967)

Note: This model assumes no supply-generated demand. 1989 actual room nights demanded is based on Peat Marwick Stevenson & Kellogg interviews and internal estimates.

Source: *Peat Marwick Stevenson & Kellogg interviews and calculations.*

These projections assume that demand will increase at the rates estimated, without any addition to product or service offering. In other words the seasonal fluctuations experienced by many Banff area accommodation facilities will likely remain.

2. Proposed resort developments in Bow-Canmore will need to generate demand additional to that described above

The cost of resort development dictates the need for four season operations to be economically viable. For the proposed resort developments in Bow-Canmore to be

successful the operating season must be extended past that of the majority of accommodation properties currently operating in Banff National Park.

Three markets are most likely to provide this increased demand during the off-season:

- Conventions and meetings.
- Regional markets and family markets.
- Increased outdoor/adventure demand for both existing and new products from domestic and international origins.

These markets will provide a level of "induced" demand to the Bow-Canmore area—demand from present and new markets that otherwise would be channelled elsewhere. It is this induced demand that will be needed to provide sufficient market support for the area to develop large scale accommodation projects. Induced demand will certainly be needed to provide the majority of shoulder season revenues.

a) Convention and Meetings markets

The convention and meetings market is becoming increasingly important to resort operators throughout North America. Prime months for use of resort facilities for this purpose are May, June, September and October.

Few Banff accommodation properties cater to this market presently. The two Canadian Pacific Hotels, and possibly one other Banff property, offer the only large scale convention and meeting facilities within the National Park. Representatives of several international hotel management companies thought to be considering resort development in the Bow-Canmore area were interviewed. Without exception, demand from the convention/meeting market was expected to provide a key revenue source for projected operations—up to 25% of total revenues in most cases. Further, it was felt that the majority of this demand would be newly created through the marketing and sales efforts of these management companies, many of whom offer a number of convention/meeting-oriented resort projects at present.

b) Regional and Family Market

The family and regional market is currently not well served in Banff, at least during the summer months. This is true not only from the perspective of average room rates but activity options as well. The summer focus of many Banff hotels and motels is towards the international, often overseas, visitor. Although the regional market, during the summer and shoulder seasons is

substantial, there is additional demand not being met with the present accommodation offering. Albertans requiring overnight accommodation in 1989 who travelled to Banff accounted for 41% of all visitation according to the Rocky Mountain Parks Utilization report. A modest increase in the capture rate of this segment would support increased accommodation development. Exhibit V - 3 reveals the type of accommodation that Calgarians would be likely to use if staying in the Canmore area.

Exhibit V - 3
Preferred accommodation for Calgarians staying in the Bow Canmore area

Accommodation	Percentage of Calgarians likely to use if staying in the area	Percentage of Calgarians who would possibly/maybe use if staying in the area
Rented cabins or chalets	55.0%	14.0%
Motels or budget hotels under $40	45.8%	13.0%
Mid-price hotels	57.0%	10.0%
Luxury 4-star hotel or resort	19.8%	10.0%
Timeshare units	11.8%	3.8%

Source: *Survey of Calgary residents regarding potential interest in the Bow-Canmore area, Canadian Facts, 1990*

These data underlines the importance of moderately priced accommodation and rental cabins or chalets in terms of appealing to the local market for the Bow-Canmore area. This market will be important in the shoulder and off-seasons.

c) Outdoor/Adventure Demand

This segment holds significant potential for increased accommodation facilities in the Bow-Canmore area. The next section of this chapter outlines expected growth rates for a variety of outdoor adventure products. Some of these opportunities will undoubtedly be developed in conjunction with dedicated accommodation facilities, such as guest ranches. However, the largest portion of this increased outdoor adventure market would be served by the area's resort hotels.

3. Projected plus induced demand will create the need for additional accommodation

After consideration of the three markets discussed above, the proceeding model was recalculated to account for supply driven accommodation. A need for 1,362 additional accommodation units by the year 1999 was identified. This figure assumes penetration into new markets, particularly convention/meeting and the regional/family markets and a continuation of previously projected demand increases. Accommodation projections are shown in Exhibit V - 4(a) and Exhibit V - 4(b). (Methodology for this table can be found in Appendix 1, page 192).

These additional 1,362 accommodation units would likely come in various forms. However, it is impossible to predict the mix of units appropriate to the market in terms of upscale, mid-priced and budget hotel rooms, town house/condo style units, timeshare units or pensions—bed and breakfast establishments.

Nevertheless, it is likely that at least one third of these units will be operated by an international hotel resort chain such as Canadian Pacific, Hyatt, Marriott, Westin or others. The establishment of these "name brand" properties would be positive for the area for several reasons. They would bring recognition and credibility to the area more quickly. The would also use their international market connections to sell the area, particularly in the conventions and meetings, group travel and oversees markets.

Exhibit V - 4(a)
Future tourist fixed-roof accommodation requirements based on area-wide demand growth—with induced demand (Bow-Canmore 1993 - 1999)

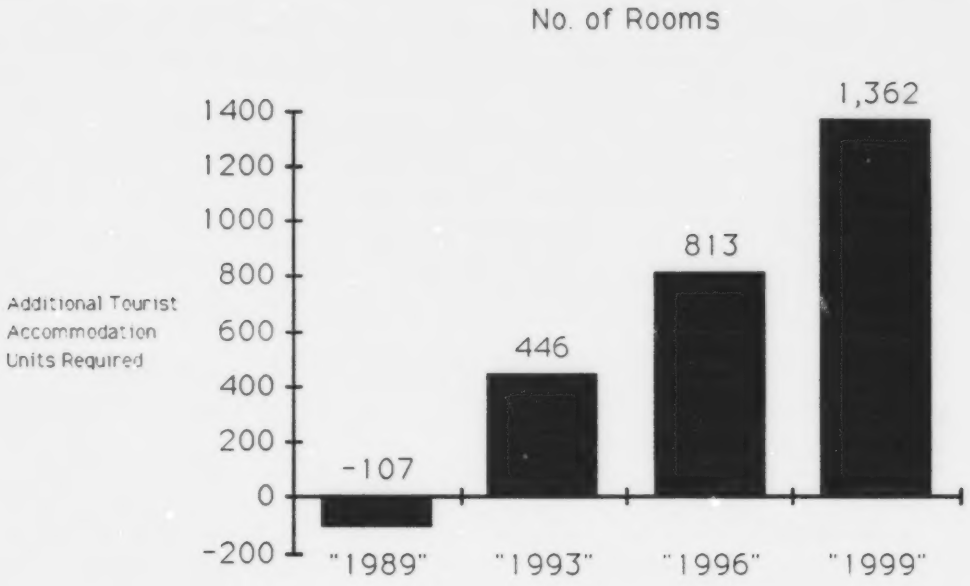
	Actual	Projected		
	1989	1993	1996	1999
Room nights available (5,376 x 365)	1,962,240	1,962,240	1,962,240	1,962,240
Room nights available at 70% pro rata occupancy (5,376 x 365 x 0.7))	1,373,568	1,373,568	1,373,568	1,373,568
Room demand growth rate		9.5%	8.9%	8.5%
Room nights demanded (1989 area wide occupancy assumed at 68%)	1,334,323	1,461,083	1,591,120	1,726,365
Excess (deficit) in room nights available	39,245	(87,515)	(217,552)	(352,797)
Excess (deficit) room units before induced demand	**107**	**(240)**	**(596)**	**(967)**
Convention/meeting		(60)	(149)	(243)
Regional/family (based on projected growth rates of Alberta resident travel to Banff)		(146)	(68)	(152)
*Outdoor adventure				
Over/short accommodation units at 70% pro rata occupancy		**(446)**	**(813)**	**(1,362)**

Note: Room additions include potential development in Banff townsite.
*Due to the high day-trip component of outdoor adventure, accommodation requirements cannot be estimated.
These estimates do not include recreational-residential housing (owned and rented) or timeshare developments.

Source: Peat Marwick Stevenson & Kellogg calculations.

Hotel room additions beyond the 1,362 projected demand will depend on the area's ability to increase demand from those segments discussed above.

Exhibit V - 4(b)
Future tourist fixed-roof accommodation requirements based on area wide demand growth with induced demand (Bow-Canmore 1989-1999)



Note: These estimates do not include recreational-residential housing (owned and rented) or timeshare developments.

C. Market potential for outdoor adventure

1. Methodology

Adventure product guest days were determined using the most recent data available from Alberta Tourism. Each segment was accelerated at a rate of 17% per year to 1988 to achieve a common base year for projection. Although this may result in an understatement of the actual number of person-trips in some of the product segments (e.g. river rafting experienced over a 500% increase from 1986 to 1987) Adventure Travel in Western Canada Product Development Strategy (Tourism, Research Group, 1988) quotes 17% as the historical rate of growth of adventure

travel as experienced in Western Canada. Therefore, this is the most realistic acceleration rate which can be applied to the figures. An estimate of the percentage of adventure travel which takes place in the Banff, Bow-Canmore, and Kananaskis region was made based on the location of adventure operators in the province and information provided by Alberta Tourism staff. The estimated percentage contribution to total adventure travel by operators in Banff, Bow-Canmore and Kananaskis for each product are as follows:

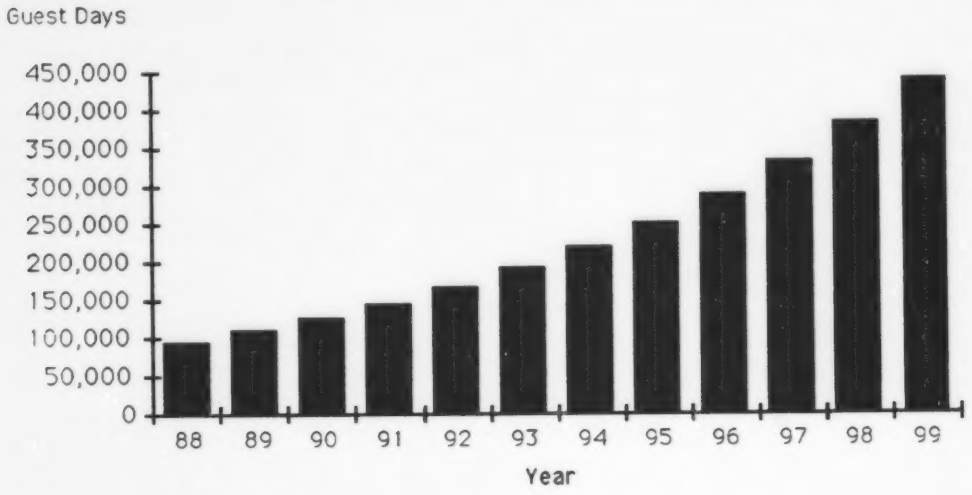
Total adventure travel	50%
Mountain climbing	100%
Trail riding	70%
River rafting	30%
Bicycle touring	80%
Guest ranches	50%

Due to the absence of specific growth data on each adventure travel segment, each segment was projected to increase at a rate of 15% per annum to 1999. The 15% rate was chosen as a conservative estimate of growth. The above mentioned study indicated adventure travel is forecasted to grow from 15% to 21% in the next 5 years, or double every 4 to 5 years. Certain sports may grow faster than this, and others may experience slower increases. Therefore, the total industry is projected to grow at this rate. Where applicable, qualitative statements pertaining to each segment's potential in relation to the Bow-Canmore area have been made. Appendix A shows detailed forecasts for each adventure travel segment .

2. Total adventure travel could have a significant effect on the Bow-Canmore area

If it is assumed that individuals who participate in adventure travel activities spend at least one night in Banff National Park, 5.6% of 1+ night person visitors to Banff National Park get involved in some type of adventure activities. Based on the projected growth rate of 15% per annum, 21% of 1+ night person visitors could engage in these types of activities by 1999. Projected growth in adventure travel is displayed in Exhibit V - 5 and displayed in Appendix A, page 185 and 186.

Exhibit V - 5
Projected total adventure travel in the Bow-Canmore area, Banff and Kananaskis - guest days



Source: *Peat Marwick Stevenson & Kellogg*

3. Guest ranches and trail rides generate the highest number of guest days

Guest ranches and trail rides presently account for 89% of the adventure travel in the region.

4. An additional 121 units of guest ranch accommodations could be required by 1999

In 1988, there were approximately 62,000 individuals who visited guest ranches. Visitation could increase to 285,184 by 1999, almost 5 times the volume in the region now. At present, day use accounts for more than 10 times the amount of overnight use. If this proportion is assumed to remain constant over time, overnight accommodation for approximately 25,000 person visitors would be required. Overnight guests stay an average of 2.4 nights, resulting in additional demand of 60,000 person nights. The overnight capacity at guest ranches in the area is approximately 22,000 person nights (based on 100% full season occupancy for 168 days). Therefore, accommodation for 41,000 guest nights, or 121 additional units (based on double occupancy) of guest ranch accommodation are required to meet 1999 forecast demand. A detailed table showing the calculation for the additional

demand for guest ranch accommodation to 1999 is shown in Appendix A, page 187. Present participation rates and guest days for Adventure Travel in the Bow-Canmore area are displayed in Exhibit V - 6

Exhibit V - 6
Guest days and percentage share of adventure travel - 1988

Activity	Guest Days	% of Total
Adventure Travel	97,902	100.
Wilderness & Bicycle Tours	1,004	1.0
Climbing	1,247	1.3
River Rafting	8,386	8.6
Guest Ranches	61,298	62.6
Trail Rides	25,967	26.5

Source: *Alberta Tourism, Peat Marwick Stevenson & Kellogg*

5. Wilderness and bicycle tours are a potential growth segment

Wilderness and bicycle tour operators hosted 1004 guest days in 1988. By 1999, guest days could exceed 4 times the present participation. These products are two of the adventure products which are expected to experience higher levels of growth in the future. Increases will be driven by:

- Greater awareness and concern for the environment.
- More interest in taking active vacations.
- Accessibility of bicycle touring by all age groups.

The Bow-Canmore area, with its natural scenic beauty and large land base is well positioned to develop both bicycle and wilderness touring. The growth rate of these activities could exceed 15% if appropriate facilities such as paved bike and hiking trails along with package opportunities are developed.

6. Climbing will experience high growth rates

Climbing is a very physical and technical sport that is not accessible to the majority of the population. The decrease in participation in sports that are very active and require a high level of physical fitness will have a large effect on climbing and mountaineering participation in the future. With the aging of the population fewer individuals will remain active in the sport. However, while a decrease will be

observed in the overall market, growth is expected to be experienced in a small segment of the market comprised of high level executives. Experts interviewed suggested the market consists of individuals with very mentally taxing jobs who want physically demanding vacations. The total size of this market is quite small therefore, growth is forecast to be less dramatic than bicycling and guest ranches. Almost 1,300 visitors engaged in climbing in 1988. At the projected annual growth rate of 15%, approximately 4,700 visitors could be expected to participate in the sport by 1999.

7. White water rafting will have to change its product focus to be successful

Adventure travel operators interviewed indicated that white water rafting appeals to a younger age group similar to the young, aggressive ski market. Participation in this sport is expected to experience the same kind of declines the ski industry is beginning to face. Float trips with a nature observation component and deluxe rafting experiences are expected to be the segments to exhibit growth in the future. Assuming a growth rate of 15%, with the present participation of 8500 individuals, approximately 40,000 individuals are expected to participate in rafting by 1999.

D. Market potential for golf

This section contains a forecast for golf market potential in the Bow-Canmore area. This forecast is based on trends in the golf market identified earlier in this report, as well as forecast visitation to the area.

1. The 1990 potential demand for golf in the Bow-Canmore area is 327,775 rounds

The potential 1990 demand for golf in the Bow-Canmore area is 327,775 rounds. As there is currently a supply of 166,621 rounds, excess demand of 161,154 rounds exists, or enough to support an additional four courses operating at 80% of maximum capacity. The sources of the 1990 potential demand for golf are identified below in Exhibit V - 6.

Exhibit V - 6
Participation rates for golf relative to various market origins

Origin	Participation Rate	1990 Potential Rounds	1999 Potential Rounds
Calgary	38%	135,423	181,997
Other Alberta	30.5%	85,790	134,948
Other Canada	23.61%	47,853	74,340
U.S.A.	25.5%	50,106	66,049
Overseas	5.6%	8,603	17,604
Total		327,775	474,938

Note: Please refer to Appendix A, page 190 for an explanantion of the source and calculation of each participation rate.

When surveyed, 38% of Calgary households mentioned that they would be likely to participate in golf in the Canmore area if it were available. Further survey questions revealed that the average Calgarian who golfs plays 11.7 rounds per year. The Calgary demand figure assumes that one person from each Calgary household who indicated that they would be likely to golf in the Canmore area would play 1.5 rounds per year in the area.

In calculating the 1990 potential demand from all other market origins, only those staying one or more nights in the Bow-Canmore area (including Banff) were used as a base number. This number was then multiplied by the participation rate for golf relevant to that market origin. It was then assumed the resulting golfing visitors to the area would play one round each. The participation rate used for each origin is shown in Exhibit V - 6.

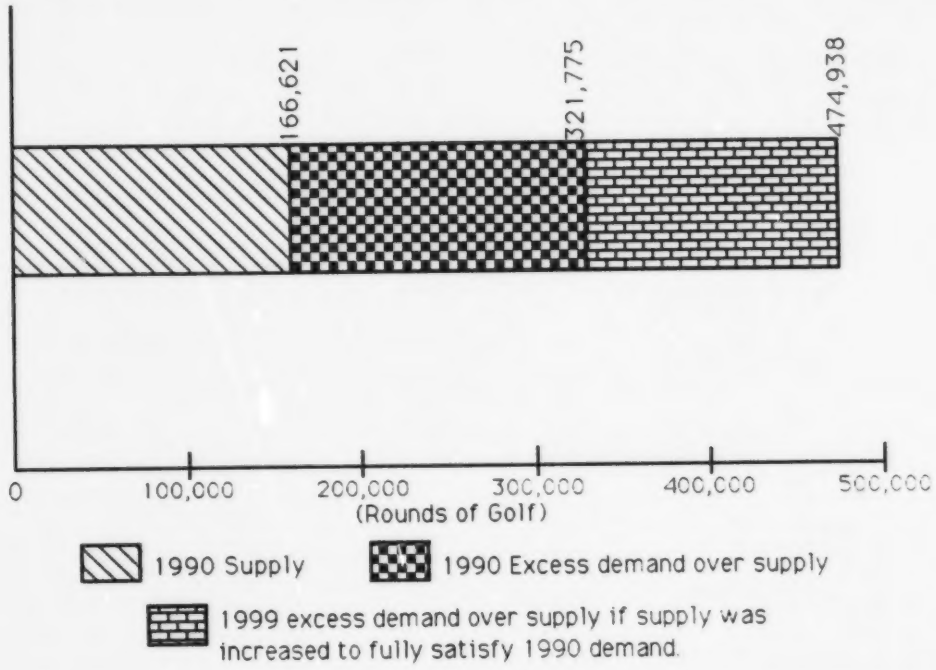
2. Potential golf demand for the Bow-Canmore area is projected to increase to 474,938 rounds by the year 1999

Potential golf demand is projected to increase to 474,938 rounds by the year 1999. This equates to excess demand of 308,317 rounds over the supply currently offered in the area. This is sufficient demand to support an additional eight courses over the supply that currently exists.

The sources of the projected potential demand for golf by the year 1999 in the Bow-Canmore area are shown in Exhibit V - 6.

The excess golf demand over supply currently, and that projected for 1999 is shown below in Exhibit V - 7.

Exhibit V - 7
Golf supply vs. demand (1990 and 1999)



Source: *Peat Marwick Stevenson & Kellogg calculations.*

E. Market potential for second residences

A number of factors are encouraging positive growth in vacation home ownership. One of these factors is the increase in the number of dual-income households. Vacation home ownership has a strong positive correlation with income. Another factor encouraging the use and purchase of vacation homes is the increasing prevalence of flex time in today's work place.

There are some factors discouraging vacation home ownership. The increase in dual income households, noted above as a positive factors, creates a situation where two spouses working means less time to maintain second residences. Additionally, second residences are experiencing competition through airline deregulation. This has brought more destinations within reach of average income families.

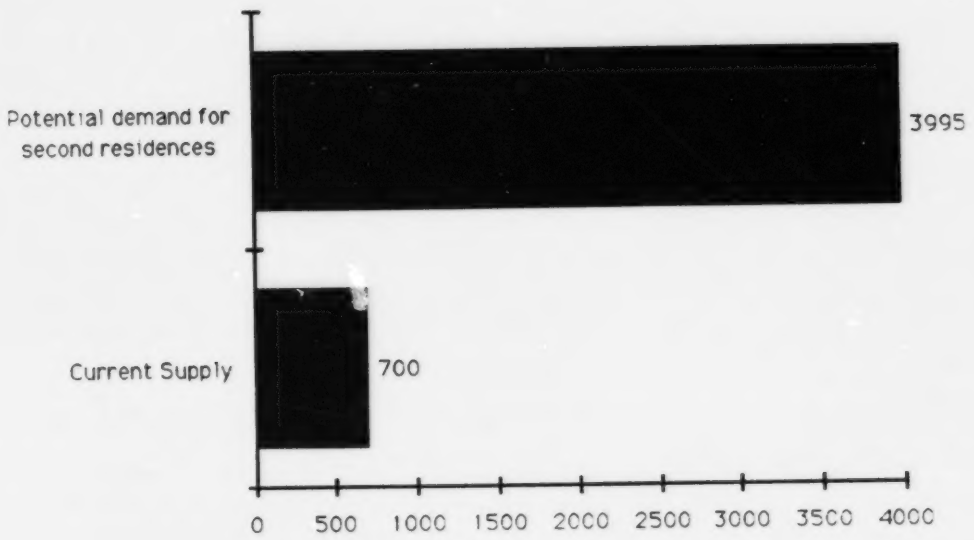
1. The Calgary market exhibits good potential demand for second residences

With respect to the potential demand for second residences or cottages in the Bow-Canmore area, 5.8% of Calgarians would be very likely to stay in an owned second home or cottage in this area if they were to be developed. These households are likely to be headed by persons aged 35 and over, and are slightly more likely to contain children and teens than not. However, they are more likely to travel with adults only as opposed to with their children. This is likely indicative of the fact that these households contain older children who prefer not to vacation with their parents. These households are nearing the empty nest stage, where children are leaving home, resulting in increased disposable income.

To temper the estimate of potential demand for second residences or cottages somewhat, a criterion that a household must have a minimum of $70,000 in income was set. Over 80% of cottages currently owned by Calgarians are owned by those with household incomes of at least $40,000. The $70,000 income level was thought to be realistic for the purposes of calculating the potential demand for the purchase of new vacation homes.

It was also assumed that the primary market for second residences located in the Bow-Canmore area was residents of the Calgary area. Using the 5.8% interest figure mentioned above, and the $70,000 income criterion, potential demand for second residences or cottages equates to 3,995 households. The potential demand for second residences is compared to the current supply in Exhibit V-8.

Exhibit V - 8
Potential demand vs. supply of vacation homes in the study area



Estimates of the size of this potential market should be treated with some caution. The estimate reflects the number of Calgary households very likely to be interested in the concept of a second home or cottage in the Bow-Canmore area. However, the respondents were not given information relevant to the potential price of the second residences which may impact the size of the potential market. As well, some respondents may not be well - informed about the features of the Bow-Canmore area, which may eventually affect their purchase decision.

Additionally, although respondents were queried directly about the Bow-Canmore area, other cottaging opportunities are available. These alternative opportunities may serve to lessen the potential demand for second residences in the Bow-Canmore area.

F. Market potential for camping

1. Specific campsite types need to be developed immediately

a) General campground capacity does not need to be expanded until 1998

As outlined in Chapter III, camping participation is expected to remain steady in the future. Using this statement as a basis for the calculations, projected camping participation was increased proportionate to projected visitation increases to Banff National Park (outlined in Section B of this chapter). The year over year increases applied to camping participation are displayed in Exhibit V - 9.

Exhibit V - 9
Projected increases in camping participation

Year	% Change
1988 to 1989	0.9%
1989 to 1990	3.9%
1990 to 1991	2.2%
1991 to 1992	2.2%
1992 to 1993	2.1%
1993 to 1994	2.0%
1994 to 1995	1.7%
1995 to 1996	2.7%
1996 to 1997	2.8%
1997 to 1998	2.8%
1998 to 1999	2.8%

Source: *Peat Marwick Stevenson & Kellogg calculations.*

The analysis of campground supply and demand indicates there is enough existing campsite capacity in the region to satisfy demand beyond 1999 on an average basis. When the analysis was carried further by segmenting weekday vs. weekend demand, it became evident that Banff currently encounters campsite shortages on weekends. However, Kananaskis and the Bow Valley have enough capacity to meet their projected demand in addition to the overflow from Banff to 1998. In 1999, based on the average season of 194 days (55 weekend days), 167 additional campsites will be required to meet

projected weekend demand. The calculation of weekend demand and supply is displayed in Appendix A, page 188.

b) More developed campgrounds will be required with the aging of the population

It is important to note that as individuals age they tend to switch to the use of camping equipment other than tents and stay in more developed campgrounds. In the next decade the baby boomer generation will start to reach their 50's which could have a major effect on the type of campsites the consumer demands and utilizes.

The above trends, combined with increases in the fly/R.V. rental markets indicates more campsites with R.V. facilities should be developed in the area. According to the Canadian Parks Service, Western Region Camper Survey Market Assessment, at least 16% of the camper population uses recreation vehicles. If the assumption is made that another 25% of the 59% who use a mixture of camping equipment (see Chapter V, Section 3 for background) use R.V.'s, approximately 31% of the present camping population use R.V.'s. Only 15% of the campsites in the region have at least electrical hook-ups at each site with access to water and sewage dumping facilities.

The above study revealed that trailer sewer dumping stations and camping pads are considered the most important features of a campsite. It also indicated that electrical/water hook-ups are features that would result in increased use of National Park campgrounds by these R.V. campers. At present there are 923 campsites in the region (comprising Banff National Park, Bow-Canmore area and Kananaskis country) which have, at minimum electrical hook-ups and access to water and a dumping station. An analysis of demand for serviced campsites revealed that there is enough capacity to meet demand if it was distributed equally throughout the year. However, when taking into account that 58% of campground demand occurs on weekends the analysis shows that weekend campsite supply is constrained. Therefore, based on the average 115 weekend day season of R.V. campsites, there is a shortage of 11 R.V. campsites. By 1999 the supply deficit increases to 144 campsites. It is interesting to note that this figure comprises almost 100% of the projected weekend demand for campsites previously identified. In addition, serviced campsites in Kananaskis are open year-round while the majority of demand occurs during the summer. Therefore, demand for serviced campsites may be even more acute during the summer months than calculated. Detailed calculations for R.V. campground demand can be found in Appendix A, page 189.

2. The potential of long-stay campgrounds looks promising

Currently Albertans and Canadians respectively account for 38.2% and 25.7% of person-nights spent in Banff National Park campgrounds. (Source: Rocky Mountain Parks Utilization Study, Ruston/Tomany & Associates). Further analysis of visitation to the parks indicated that Albertans (and specifically Calgarians) account for the largest number of same day visitors. It could be assumed that a number of these individuals would like to stay in the park but would rather not pull a trailer out for a weekend or don't want to fight the crowds in the Banff campgrounds. If long-stay campgrounds were available, it is likely a number of Calgary residents would be interested in parking their recreation vehicle for the whole summer, rather than pulling it back and forth.

In the Calgary resident survey 11.8% of Calgarians indicated they would be very likely to stay at leased campsites in the Canmore area. Based on a population of 750,000, this is a potential market of 88,500 individuals. Naturally, these would not all be converted, however, we can assume that this group of interested individuals are campers at present and that 16% of this group are R.V. campers (based on findings from the Canadian Parks Service Camper Survey). A more realistic expectation of the market size is 11,480. Not all of these individuals would actually lease a campsite if an opportunity arose however, there appears to be significant market potential for this type of development in the local market.

G. Market potential for skiing in the Bow-Canmore area

1. The baby boom echo could result in increased skier visits

The Colorado comparables have experienced an increase in the average age of their ski patron over the last seven to eight years which is consistent with the aging of the baby boomers. Historically, participation in downhill skiing has decreased as individuals age. This decrease in participation, although difficult to predict precisely, will have a significant effect as baby boomers reach their 40's and 50's.

On a positive note, the baby boomers have been having children at a later age and thus, will still have children residing with them when they reach forty or fifty. Efforts to attract the children to skiing may be successful at converting non-skiers to skiers or increasing participation among the parents. This effect will take place as the children will not typically have the financial resources or the means to participate in the sport on their own.

2. Implications for the Bow-Canmore area

The majority of the future market growth for downhill skiing in the Kananaskis-Banff Parks will be industry-driven, not due to demographics. To make major market advances and to maximize the economic impact, destination skiers will be needed. Cooperative marketing efforts to attract new and non-active skiers to the sport and destination skiers to the area will have to be implemented to increase skier visits. Marketing efforts aimed at the children of baby boomers may result in increased participation by non-active skiers.

The development of Nakiska has redistributed skier visits among the resorts, particularly Sunshine and Norquay, but has had little impact on total skier visitation. The proposed expansion at Norquay will improve the intermediate terrain available in the Banff-Kananaskis area and enhance opportunities for the Bow-Canmore area.

The major ski resorts in Banff National Park are losing market share to other ski areas, particularly Whistler/Blackcomb. Major capital investments in lifts, snow-making, village and resort infrastructure, have increased skier visits to 1.2 million at Whistler/Blackcomb. Recapturing market share will be impeded by Banff National Park guidelines and restrictions.

The Colorado experience has shown that major potential lies within the U.K. and Australian markets. The advantage Bow-Canmore may have over Banff is the availability of moderately priced accommodation. Past experience has shown this is important to these market segments. Other research has shown that significant growth has occurred and is expected to occur in the Japanese and South-east Asian ski markets. Whistler has benefitted from the increasing Japanese interest in skiing, however, in the future as the prestige and image associated with Whistler decreases, significant market potential may exist for the Bow-Canmore area.

Any future development of the destination skier market will require significant alliances with major airlines and car rental agencies (fly/drive packages). Direct flights from Chicago, Minneapolis and other major American cities should be implemented to improve access and make the Canadian Rockies a convenient alternative to Colorado or Utah.

The Canmore Nordic Centre enhances the diversity of recreation opportunities available in Canmore. However, development of destination markets for the centre will be hampered by prevailing snow conditions in the area.

Canmore does not currently serve as an important bed base for local or destination skiers. Competing with Banff will be very difficult even though Banff is not a pedestrian-oriented ski village. Banff offers a plenitude of shopping, dining and recreational opportunities plus an internationally-known image. Destination skiers will probably prefer to stay in Banff and Lake Louise given these amenities and

since most ski at Sunshine and Lake Louise. However, given the large skier base in Calgary, significant opportunities exist for Canmore to serve as a bed base for local and Calgary residents in the winter, and as an overflow for Park visitors during the rest of the year. This could be achieved by the development of second-home and condominium units that are primarily used by local residents (Calgary) in the winter and listed in a rental pool during the peak summer months. A specific project in Canmore, particularly a self-contained resort with a full range of indoor amenities such as swimming pools, spas, dining, retail and perhaps other services, could effectively capture market share in the winter ski season. This project will require a hotel resort management chain with broad name recognition in the marketplace and an extensive marketing program.

VI

Conclusions and Observations

Presented in this final chapter are conclusions and observations about the development potential of the Bow-Canmore area based on the market trends discussed earlier in this report.

A. Markets will change substantially over the next 10 years

World tourism demand is expected to grow at a rate of 4% in the 1990's, slightly faster than the 3.6% rate of growth experienced over the past 20 years. However, consumer demands will be characteristically different than they have been in the past in a number of ways:

- Travellers will be generally more cautious, more value conscious and accordingly more thorough and more selective in their travel planning. They will require and demand better travel planning information.

- Frequent travellers will make up a greater proportion of total travel expenditures and these high spending travellers will become increasingly sophisticated in their travel tastes and more demanding of quality service.

- The market for travel services and amenities will increasingly become segmented into two main groups - those with children and those without - forcing many operators to chose which segment to target and serve.

For Alberta in general and the Bow-Canmore area in particular, the main growth opportunities lie in overseas markets. Exhibit VI - 1 shows the expected shift in market mix for the Bow-Canmore area from today to the year 2000. If current and expected trends continue, the domestic and U.S. markets will decline from the current 86% of visitation to 82% over the next ten years while overseas visitation will increase to 18% of total visitation from the current 14%. Some markets can be expected to increase dramatically, particularly Japan, the Pacific Rim, the United Kingdom and France. The number of Japanese visitors to the Banff/Bow-Canmore area could almost triple over the next 10 years, while both the United Kingdom and French visitors could double in size over current levels.

Exhibit VI - 1
Expected shifts in visitor origins to Banff/Bow-Canmore area 1990-1999

MARKET ORIGIN OF VISITORS	ESTIMATED 1990		EXPECTED 1999	
	Number of overnight trips	%	Number of overnight trips	%
Alberta	855,000	52	1,039,000	50.8
Other Canadian	325,000	19	390,000	19.1
U.S.	252,000	15	255,000	12.5
Japan	68,000	4	140,000	6.8
Asia/Oceanic	29,000	2	41,000	2.0
U.K.	45,000	3	79,000	3.9
West Germany	17,000	1	19,000	1.0
France	15,000	1	20,000	1.0
Other Europe	46,000	3	61,000	2.9
Total	1,652,000	100.0	2,044,000	100.0%

Source: *Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model, Peat Marwick Stevenson and Kellogg*

B. Product development implications for the Bow-Canmore area

The product development issues and implications for Bow-Canmore (and indeed Banff) highlighted in Exhibit VI - 2 provides a product market match analysis. The international market and more distant domestic markets such as Ontario are strongly attracted to the area for its outstanding scenery. Markets closer to home such as Alberta, Saskatchewan, and British Columbia are more attracted to the area to engage in specific activities.

As Exhibit VI - 2 shows, the products that are best developed in the area very much depend on which markets are being pursued. Some products such as campground development, for example, would tend to appeal somewhat more to specific markets such as the western Canadian and West German markets. Similarly, meetings and convention products would appeal to the domestic and U.S. markets. Other products such as shopping would have broad appeal in all of the key growth markets. Additional product initiatives also with broad market appeal would be fly/drive packages, packaged outdoor adventure services, and moderately priced accommodation facilities. Winter festivals and

other special events held in winter months would assist in broadening the area's market appeal during this area's typically low occupancy period.

The markets and associated products which merit particular attention are the domestic, Japanese, Australian, and U.K. markets. The domestic market, because of its size and seasonal distribution, and the U.K., Japanese, and Australian markets, because of the significant volume of business they could provide, as well as the potential to market skiing and/or some shoulder-season travel. In some instances there is good complementarity between these markets. For example, the development of private recreational property and timeshare units for the local domestic market would provide a good supply of rental villas and flats which are much in demand in the U.K. market, with perhaps some long-term appeal to the emerging Japanese family vacation market.

The U.S. market presents a particular dilemma for the Bow-Canmore/Banff area. On the surface it would appear the area will require substantial product development to be competitive in the U.S. market in terms of shopping, accommodation and recreation infrastructure. Furthermore, market outlook itself is flat. The market is also a primarily summer based one and is only attracted to the area during times when higher spending Japanese travellers will want to visit.

On the other hand, U.S. travellers are among the most sophisticated and demanding travellers in the world. Successfully designing and developing the area's products to U.S. market standards, while expensive, would clearly position it as one of the most internationally competitive resort destinations in the world, and enable it to appeal even more effectively to overseas markets.

Exhibit VI - 2
Product/market match

Market	Current Visitors (From Exhibit VI-1)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit VI-1)	Attractions Focus	Services Focus
Alberta	855,000	52%	1.6%	911,000	3.5%	1,039,000	Dining, Natural Displays, Wildlife, Shopping, Hiking, Camping, Golf, Fishing, Cycling, Skiing, Skating, Tennis, Meetings & Conventions.	More campground amenities & wilderness campsites, mid-priced accommodation, recreational property & time share, adventure experience packaging, central reservations & packaging.
Other Canada	325,000	19%	2.2%	354,000	2.5%	390,000		
United States	252,000	15%	0.6%	258,000	-0.2%	255,000	Sight-seeing, Rest/Relaxation, Shopping, Historical sites, Dining, Nightlife, Golf, Hiking, Bicycling, Tennis, Hunting, Meetings & Conventions.	Improved air transportation, Discount fares, Fly drive packages. Moderately Priced "charming" accommodation; luxery accommodation for a small segment. Expanded shopping, Facilities upgrading, Central, reservations & packaging, Inter-resort public transit.
Japan	68,000	4%	13.2%	104,000	6.9%	140,000	Scenery, Friendly people, Safety, Shopping, Culture & history, Wildlife, Skiing, Limited Adventure Experiences.	Expanded air services & capacity, Native cultural attractions, Improved quality of facilities, Expanded shopping, Services in Japanese, Luxury hotel accommodation-honeymooners. Moderately priced accommodation-other segments.
Asia/Oceania Australia New Zealand Hong Kong Singapore Taiwan South Korea	29,000	2.0%	4.3%	34,000	4.1%	41,000	Sightseeing, Shopping, Well known landmarks Outdoor adventure (Australia & New Zealand).	Insufficient Data.

Market	Current Visitors (From Exhibit VI-1)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit VI-1)	Attractions Focus	Services Focus
United Kingdom	45,000	3.0%	3.9%	52,000	10.4%	79,000	Sightseeing, Shopping, Packaged Adventure Products, Golf, Hiking, Bicycling, Dining, Skiing.	Packaging Outdoor Adventure Products, Fly Drive, Self Catering Accommodation (Villas & Flats) Discount Air Fares, Inter-Resort Public Transit.
West Germany	17,000	1.0%	-2.9%	15,000	5.3%	19,000	Upscale/unique Outdoor Adventure, Scenery/Photography/Rest/Relaxation, Sightseeing by Car/Motorhome, Camping, Mountains, Forests, Lakes, Shopping.	Fly/Drive, Motor Home Rentals, Improved Campground Services, Outdoor Adventure, Interpretive Guides.
France	15,000	1.0%	3.3%	17,000	3.5%	20,000	Outdoor Activities, Cultural Attractions; National Parks, Historic Sites.	Moderately priced accommodations & food services, Efficient public transit to and from airports and inter-resort. Public transportation
Other Europe	46,000	3.0%	4.3%	54,000	2.6%	61,000	Insufficient Data	Insufficient Data.
Total	**1,652,000**	**100.0%**	**2.2%**	**1,799,000**	**2.7%**	**2,044,000**		

Note Growth rates reflect annual increase rather than compared growth.

C. The basis for competitive positioning

Two aspects will determine the basis for competitively positioning Bow-Canmore in the 1990's. These are first, the price, quality and selection of amenities, and secondly, the images of the area relative to Banff.

1. Price, quality and selection of amenities

As noted earlier in this report, developments in the Bow-Canmore area must provide four season attractions and facilities. All five of the comparable areas reviewed struggle through fall and spring and are either predominantly summer or winter resorts. All comparable resorts examined are striving to achieve more balanced year round operations.

Bow-Canmore will be like Banff, primarily a summer resort. The amenities which it will need to provide in order to compete include:

- An effective public transportation system to provide easy access to all five ski resorts in the area, and to Banff townsite, and ease of access to and from Calgary airport.
- Meetings and convention facilities attributed to name brand hotels such as the possible involvement of Westin or Marriott etc. in proposed developments.
- Golf courses to help attract the group and meetings business in the late spring and early fall.
- A good selection of retail shops and restaurants.

One of the central contentious issues is the extent to which Bow-Canmore should become a stand alone resort area versus continuing to be a satellite and service centre for Banff. The view of the consultants and nearly all experts interviewed is that the Bow-Canmore area must become a stand alone resort area if it is to be successful. This requires that it eventually develop at least 1,000 or more rooms as well as an array of good restaurants and retail shops and other attractions.

In terms of price and quality, the emphasis should be on mid-priced hotels and on rental chalets with limited development of luxury four star resort hotels designed to cater to the Japanese and special segments of the U.S. and overseas markets. The Alberta, national and U.S. markets, which provide the largest visitation, are primarily interested in this moderately priced type of accommodation. Such accommodation would also appeal to much of the European market.

Although the price position of facilities should be mid range, the quality should be high. This will ensure visitors receive good value for their money. Ultimately a strategy of providing high value in the mid priced market will best help the area achieve a strong competitive position in the markets and allow it to survive along side Banff.

2. Image relative to Banff

Canmore is currently primarily a service centre and overflow area for the Banff townsite. As such, the name Bow-Canmore carries a less attractive image than Banff in those markets which are aware of the differences between Banff and Canmore. The area's name is also important in those markets which have low name recognition of the Bow-Canmore area. In these instances, the area will inevitably be required to link itself to Banff as a means of communicating the area's attraction to potential visitors. Therefore, in either markets with high or low awareness of the Bow-Canmore area, the area will need to position itself as an extension to Banff, but perhaps with a somewhat different focus.

A unique image for the area and yet one still related to the positive aspects of Banff can come from a focus on the area's strengths. These strengths (unlike those of Banff) include:

- The ability to attract name hotels such as Marriott & Westin and the associated recognition which comes with these name properties.
- The ability to support extensive development of privately owned second residences.
- The ability to support extensive golf course development.
- A more feasible base for the outfitting of outdoor adventure activities.

Development of the area around these strengths will eventually help develop a more distinctive quality image for the Bow-Canmore area. In reality, however, its image will always be strongly associated with Banff and this will prove to be a strong advantage in international markets.

Aside from the area's climate which at times is cool, has a short summer season and has inconsistent snow cover, the area's weaknesses are largely associated with lack of development rather than natural factors. Some the area's main weaknesses include:

- Lack of tourism infrastructure such as recreation facilities, accommodation and retail commercial development.

- The nearby industry development on the north side of the river.
- The area is not yet well known.
- Public transportation services are under developed.

The area has the potential to become a major North American resort destination area through the development and marketing of outdoor recreation attractions, resort accommodation and commercial retail facilities, transportation access to local ski areas, as well as meeting and convention facilities.

D. Typical project descriptions and market appeals for the area

There is a difference between destination resorts and resort destinations. Destination resorts are defined as single, self-contained resort areas such as Whistler that provide accommodation, retail, food and beverage, attractions and services within a single area. Resort destinations are larger land areas which usually contain several destination resorts or resort properties and services.

The Bow-Canmore area is a resort destination. As such, it will ultimately encompass several different types of resorts serving different market niches. Examples of five different resort types are shown in Exhibit VI - 3.

The resort types profiled in Exhibit VI - 3 are presented as illustrations of types of resorts for which there should be market demand in the Bow-Canmore area. Although there is market opportunity for all five types in the area, all five types will not necessarily need to be found in the area for Bow-Canmore to be a successful resort destination. Nevertheless, over the long term, all five resort types will work in the area and the area's overall appeal as a destination would increase if all five types were represented.

It is difficult to rate the importance of these five types or the order in which they should be established, since they appeal to various different geographic markets. However, the establishment of one or two international destination resorts in the area would more rapidly escalate local land values and increase development interest generally. At the same time, smaller European style outdoor adventure resorts would help give the area the unique outdoor adventure character which it has the potential to develop.

In terms of resort theme, as discussed earlier (i.e. hideaway, active/passive, adventure, spa etc.) this is a matter for the particular resort developer/operator to determine depending on which type of operation they are most interested and capable of operating successfully. Hideaway resorts might be most successful among the smaller outdoor adventure resorts, while active/passive resorts with spa features might be more appropriate for the international and mid-priced resorts.

In general, Exhibit VI - 3 identifies the minimum size and scale seen as being viable for resort developments. Of course these guidelines are not absolute but represent what is a core set of components and features from which a resort planning concept should begin.

Exhibit VI - 3
Possible Bow-Canmore resort types, and their essential ingredients

Type	International Destination Resort	Mid Scale I Resort Property	Mid Scale II Resort Property	Outdoor/ Adventure	Limited Service
Accommodation					
-Style	Full Service	Full Service	Chalets, Condos	European Style "Lodge"	Campsites
-Units	250-350	250-350	No transient	60-150	>200
-Quality	High end	Mid range	-Mid range	"Boutique"	-
Amenities	18 Holes	18 Holes	18 Holes		9-18 Holes
-Golf & Tennis	Championship	Regulation	Executive	No	Regulation
Public Transportation Access	Yes	Yes	No	No	No
Recreation					
-Package	Yes	Yes	No	Limited	Limited
-Meeting Space	25,000 sq. ft.	8-14,000 sq. ft.	None	3-4,000 sq.ft.	No
Residential					Leased
-Rental Pool	Yes	Yes	No	No	Campsites
-Single Family	Yes	Yes	Yes	No	No
-Multi Family	Yes	Yes	Yes	No	No
Timeshare	Yes	No	No	No	No
Activity Focus					
-Summer	Sightseeing/ Golf	Sightseeing/ Golf	Golf	Various outdoor	Various outdoor
-Winter	Skiing	Skiing	Skiing	Limited	Limited
-Shoulder	Convention/ meeting	Convention/ meeting	Limited	Limited	Limited
Visitor Origin/ Seasonal					
-Summer	International	International/ national	Regional	International/ national	National/ regional
-Winter	International/ regional	Regional	Regional	Limited	Limited
-Shoulder	International/ national	Regional	Regional	Regional	Regional

E. Infrastructure and development issues

One of the Bow-Canmore area's greatest strengths is its land base and resources. The area is geographically a large, centrally located area, with the climate, and natural resource base to support a variety of recreational activities. The area is also reasonably well served, with good access in terms of roads and air connections, and is located adjacent to other high quality attractions.

Although there are development restrictions within the area and the resource is very sensitive to development, the land and resource base is still capable of supporting a wide range of recreational developments not possible in Banff National Park. The potential developments include, for example:

- An extensive interconnection of trail developments for bicycling, hiking etc.
- Several high quality, scenic golf courses.
- Residential and commercial property including second residences, hotels, campgrounds and shopping/retail facilities.

In order to have these development initiatives proceed so as to properly develop the Bow-Canmore area, a number of actions need to be taken:

- Develop the outdoor adventure product to aid in successfully developing the Bow-Canmore into a resort destination area. Outdoor adventure products could play an important role in reversing the U.S. market trend for the Banff area, attracting European visitors and encouraging Albertans to vacation at home.
- Pursue resort developments which closely match the market requirements. This means an emphasis on mid priced, high quality accommodations, which are architecturally themed toward a consistent image for the area. These accommodation properties ideally would be linked, along with Banff and Kananaskis properties, by a central reservation system and inter-resort public transportation system.
- Position and equip the Bow-Canmore area to serve as a central stopping area for access to ski resorts from Lake Louise to Kananaskis. This involves developing an efficient public transportation linkage among the resorts and between the Calgary airport and the Bow-Canmore/Banff area. It also means encouraging co-operative alliances among the ski resorts to aggressively promote skiing demand throughout Canada, the U.S. and Europe and building on the Winter Olympics theme.

- Position Bow-Canmore as a well known attractive resort conference centre by attracting "name" hotels to locate in the area and providing central convention planning services in the area.

- Encourage high quality viable camping developments to meet market requirements, encouraging tasteful designs and high quality development standards and establishments which offer leased/timeshare sites.

- Encourage high quality, well maintained regular golf courses, as well as a championship course designed by a "name brand" designer.

- Promote the development of second residences, some of which would be included in rental pools, to encourage initial growth of the area based on sound infrastructural and architectural planning.

F. The long-term market potential exists for major resort development

In conclusion, the market appears to offer good long-term potential for developing Bow-Canmore as a major international resort destination area. The expected growth in international visitors combined with the area's spectacular resources and proximity to Banff, already a well known international attraction, make it an appealing area for further development and investment.

However, in order to achieve its potential, close cooperation between all levels of government and the private sector will be required. Careful planning will also be necessary to ensure the area maintains its local character and environmental quality while being designed to succeed in a highly competitive international market. Such balancing is possible and if properly planned, the development of the area will prove to be one of Alberta's most strategically important projects in its goal toward building a multi-billion tourism industry.

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APPENDIX A

Travel forecasts to 1999 for travel to Canada ('000's—Canada visitation 1+ night visitors)

ORIGIN	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	9378	9894	10154	10315	10624	10943	11271	11610	11958	12317	12686	13067	13459	13862	14278
OTHER CANADA	55905	65281	66846	69145	70528	71938	73377	74845	76342	77869	79426	81014	82635	84287	85973
USA	11564	13608	12713	12763	12196	12269	12343	12417	12491	12566	12641	12516	12491	12466	12441
JAPAN	148	187	249	324	389	459	532	612	686	741	792	846	905	967	1034
UNITED KINGDOM	314	400	439	527	559	592	628	666	706	748	797	850	906	966	1029
WEST GERMANY	157	198	234	263	258	253	248	243	238	233	242	252	262	273	283
NETHERLANDS	58	69	78	68	86	85	83	81	80	78	77	77	76	76	75
FRANCE	107	140	188	230	257	283	306	324	343	361	374	389	403	419	434
SCANDINAVIA	43	54	59	65	63	62	61	59	58	57	62	68	74	80	87
SWITZERLAND	45	54	61	75	74	72	71	69	68	67	67	67	68	68	68
AUSTRALIA	70	77	80	91	89	87	86	84	82	81	82	83	85	86	88
HONG KONG	41	61	63	83	99	117	136	156	175	189	197	205	214	223	233
AUSTRIA	14	17	19	23	23	22	22	22	21	21	21	21	22	22	23
ITALY	55	65	77	86	85	83	81	80	78	76	79	81	83	86	88
SPAIN	12	15	16	18	18	19	18	18	17	17	18	19	20	21	22
NEW ZEALAND	14	25	32	36	37	39	41	44	46	47	49	52	54	56	59
MEXICO	37	42	47	58	60	63	67	70	73	76	81	86	91	96	102
TAIWAN	14	19	18	21	25	30	35	40	45	48	50	52	55	57	60
OTHER OVERSEAS	487	580	594	733	762	792	822	854	888	922	962	1003	1047	1092	1139
TOTAL OVERSEAS	1613	2013	2255	2722	2885	3058	3235	3421	3603	3781	3961	4151	4363	4587	4824
TOTAL VISITORS	78456	90896	91967	94944	96233	98208	100226	102292	104393	106512	108804	110748	112947	115203	117516
CANADA - % CHANGE IN VISITATION															
		1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA		6.59	1.60	1.59	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
CANADA		16.77	2.40	3.44	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
USA		17.67	-6.58	0.39	-4.44	0.60	0.60	0.60	0.60	0.60	-0.20	-0.20	-0.20	-0.20	-0.20
JAPAN		26.19	26.43	30.06	20.00	18.00	16.00	15.00	12.00	8.00	6.90	6.90	6.90	6.90	6.90
UNITED KINGDOM		27.23	9.96	20.01	6.00	6.00	6.00	6.00	6.00	6.00	6.60	6.60	6.60	6.60	6.60
WEST GERMANY		26.71	18.10	12.30	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	4.00	4.00	4.00	4.00	4.00
NETHERLANDS		17.47	13.56	12.97	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	-0.70	-0.70	-0.70	-0.70	-0.70
FRANCE		30.75	33.71	22.44	12.00	10.00	8.00	6.00	6.00	5.00	3.80	3.80	3.80	3.80	3.80
SCANDINAVIA		26.12	9.14	10.26	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	8.78	8.78	8.78	8.78	8.78
SWITZERLAND		20.13	13.67	22.88	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	0.50	0.50	0.50	0.50	0.50
AUSTRALIA		10.47	4.42	13.06	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	1.80	1.80	1.80	1.80	1.80
HONG KONG		49.16	3.26	30.33	20.00	18.00	16.00	15.00	12.00	8.00	4.30	4.30	4.30	4.30	4.30
AUSTRIA		22.86	12.79	20.62	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	1.80	1.80	1.80	1.80	1.80
ITALY		18.12	18.25	11.93	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	2.90	2.90	2.90	2.90	2.90
SPAIN		27.12	8.67	18.49	-2.00	-2.00	-2.00	-2.00	-2.00	-2.00	5.00	5.00	5.00	5.00	5.00
NEW ZEALAND		76.17	25.30	12.93	3.90	5.02	5.02	5.18	4.78	3.95	4.30	4.30	4.30	4.30	4.30
MEXICO		14.79	12.88	21.99	4.82	4.99	5.02	5.18	4.78	3.90	6.00	6.00	6.00	6.00	6.00
TAIWAN		30.56	-6.86	16.21	20.00	18.00	16.00	15.00	12.00	8.00	4.30	4.30	4.30	4.30	4.30
OTHER OVERSEAS		19.09	2.33	23.52	3.90	3.90	3.90	3.90	3.90	3.90	4.30	4.30	4.30	4.30	4.30
TOTAL OVERSEAS		24.78	12.01	20.72	6.00	5.98	5.80	5.74	5.32	4.38	5.04	5.07	5.10	5.13	5.16
TOTAL		15.85	1.19	3.24	1.36	2.08	2.08	2.08	2.08	2.03	1.98	1.97	1.99	2.00	2.01

Sources: *Tourism Canada, Peat Marwick Stevenson & Kellogg*

Travel forecasts to 1999 for travel to Alberta ('000's—Alberta visitation 1+ night person-visitors)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	9172	9284	9634	9844	9987.4	10140	10298	10453	10633	10775	11099	11432	11775	12128
CANADA	2572	2494	2544	2645	2698	2752	2807	2863	2920	2979	3038	3099	3161	3224
USA	1362	1047	1223	1169	1176	1183	1190	1197	1205	1202	1200	1197	1195	1193
JAPAN	47	65	93	112	132	153	176	197	213	228	244	261	279	298
UNITED KINGDOM	38	34	52	51	50	49	48	47	46	48	50	52	54	56
WEST GERMANY	68	71	87	92	97	103	109	116	123	131	139	149	158	169
NETHERLANDS	10	15	15	15	14	14	14	13	13	13	13	13	13	13
FRANCE	4	10	12	13	15	16	17	18	19	20	20	21	22	23
SCANDINAVIA	7	7	8	8	8	8	7	7	7	8	8	9	10	11
SWITZERLAND	10	10	14	13	13	13	13	12	12	12	12	12	12	12
AUSTRALIA	22	27	30	29	29	28	28	27	27	27	28	28	29	29
HONG KONG	12	11	12	14	17	20	23	26	28	29	30	31	33	34
AUSTRIA	3	3	4	4	4	4	4	4	4	4	4	4	4	4
ITALY	4	6	6	5	5	5	5	5	5	5	5	5	5	6
SPAIN	1	1	2	2	2	2	2	2	2	2	2	2	2	2
NEW ZEALAND	7	9	10	10	11	12	12	13	13	14	15	15	16	16
MEXICO	2	3	2	2	2	2	2	3	3	3	3	3	3	3
TAIWAN	1	1	1	1	1	1	2	2	2	2	2	2	2	3
OTHER OVERSEAS	56	42	52	54	56	58	60	63	65	68	71	74	77	81
TOTAL OVERSEAS	291	313	399	427	457	489	523	555	582	613	647	682	720	760
TOTAL	13397	13118	13801	13885	14319	14584	14815	15069	15340	15569	15983	16410	16851	17305
ALBERTA VISITATION - % CHANGE														
		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA		0.01	0.04	0.00	0.04	0.02	0.02	0.02	0.02	0.01	0.03	0.03	0.03	0.03
OTHER CANADA		-0.03	0.02	0.04	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
U.S.		-0.23	0.17	-0.04	0.01	0.01	0.01	0.01	0.01					
JAPAN		0.39	0.44	0.20	0.18	0.16	0.15	0.12	0.08	0.07	0.07	0.07	0.07	0.07
WEST GERMANY		-0.11	0.53	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.04	0.04	0.04	0.04	0.04
UK		0.07	0.23	0.06	0.06	0.06	0.06	0.06	0.06	0.07	0.07	0.07	0.07	0.07
NETHERLANDS		0.48	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	-0.01	-0.01	-0.01	-0.01	-0.01
FRANCE		1.38	0.25	0.12	0.10	0.08	0.06	0.06	0.05	0.04	0.04	0.04	0.04	0.04
SCANDINAVIA		-0.04	0.24	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.09	0.09	0.09	0.09	0.09
SWITZERLAND		0.00	0.43	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.01	0.00	0.00	0.00	0.01
AUSTRALIA		0.22	0.11	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.02	0.02	0.02	0.02	0.02
HONG KONG		-0.10	0.14	0.20	0.18	0.18	0.15	0.12	0.08	0.04	0.04	0.04	0.04	0.04
AUSTRIA		-0.06	0.35	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.02	0.02	0.02	0.02	0.02
ITALY		0.41	-0.06	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.03	0.03	0.03	0.03	0.03
SPAIN		0.95	0.39	-0.02	-0.02	-0.02	-0.02	-0.02	-0.02	0.05	0.05	0.05	0.05	0.05
NEW ZEALAND		0.22	0.15	0.04	0.06	0.05	0.05	0.05	0.04	0.04	0.04	0.04	0.04	0.04
MEXICO		0.17	-0.31	0.05	0.05	0.05	0.05	0.05	0.04	0.06	0.06	0.06	0.06	0.06
TAIWAN		1.00	-0.25	0.20	0.18	0.18	0.15	0.12	0.08	0.04	0.04	0.04	0.04	0.04
OTHER OVERSEAS		-0.26	0.24	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
TOTAL OVERSEAS		0.08	0.28	0.07	0.07	0.07	0.07	0.06	0.05	0.05	0.05	0.06	0.06	0.06
TOTAL VISITORS		-0.02	0.05	0.01	0.03	0.02	0.02	0.02	0.02	0.01	0.03	0.03	0.03	0.03

Source: Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model, Peat Marwick Stevenson & Kellogg

Travel forecasts to 1999 for travel to the Banff/Bow-Canmore region (Banff visitation 1+ night person-visitors)

BANFF NATL PARK	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	825,109	825,965	855,376	868,471	881,764	895,261	910,677	922,865	950,551	979,067	1,008,439	1,038,692
CANADA	308,257	320,495	326,905	333,443	340,112	346,914	353,853	360,930	368,148	375,511	383,021	390,682
USA	262,056	250,414	251,917	253,428	254,949	256,478	258,017	257,501	256,986	256,472	255,959	255,447
JAPAN	43,443	52,132	67,867	77,066	87,808	97,423	104,225	108,233	115,701	123,684	131,570	139,956
WEST GERMANY	17,332	16,985	16,648	16,313	15,986	15,667	15,353	16,606	17,104	17,616	18,321	19,053
OTHER O/S	120,666	126,498	135,918	141,495	147,348	153,334	159,100	166,512	174,342	182,615	191,358	200,599
TOTAL O/S	181,441	194,612	220,228	234,875	251,140	266,424	278,678	291,351	307,148	323,916	341,249	359,608
TOTAL	1,576,863	1,591,487	1,654,426	1,690,217	1,727,984	1,765,078	1,801,225	1,832,647	1,882,833	1,934,966	1,988,669	2,044,430
BANFF VISITATION												
%CHANGE		1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA		0.10%	3.56%	1.53%	1.53%	1.53%	1.72%	1.34%	3.00%	3.00%	3.00%	3.00%
CANADA		3.97%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
USA		-4.44%	0.60%	0.60%	0.60%	0.60%	0.60%	-0.20%	-0.20%	-0.20%	-0.20%	-0.20%
JAPAN		20.00%	29.80%	13.89%	13.94%	10.95%	6.98%	3.85%	6.90%	6.90%	6.38%	6.37%
WEST GERMANY		-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	-2.00%	8.18%	3.00%	2.99%	4.00%	4.00%
OTHER O/S		4.00%	8.30%	4.11%	4.14%	4.06%	3.76%	4.68%	4.70%	4.75%	4.79%	4.83%
TOTAL O/S		7.26%	13.16%	6.65%	6.93%	6.09%	4.60%	4.55%	5.42%	5.46%	5.35%	5.38%
TOTAL		0.93%	3.95%	2.16%	2.23%	2.15%	2.05%	1.74%	2.74%	2.77%	2.78%	2.80%

Source: Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model, Peat Marwick Stevenson & Kellogg

Estimated Alberta Association meeting and convention activity

1985: 209 Associations in Alberta (Note: Associations represented 76% of U.S. meeting/convention expenditures in 1987)

Type of Meeting	Average No. Per Year	Average No. Delegates	Average No. Room Nights/ Delegates
Convention	1.13	105.2	1.19
Educational Seminar	11.9	21.1	1.34
Board and Executive Committee	6.4	35.0	0.95
Total	**19.43**	**202.0**	**.89**

Alberta Activity	No./Year	No. Delegates	No. Room Nights
Conventions	236	243,451	295,657
Education Seminars	2,487	534,778	703,203
Board and Executive Committees	1,338	46,816	44,475
Total	**4,061**	**820,045**	**1,043,335**

Bow-Canmore Activity	Rooms	Room-nights	Meeting and Convention Room Night Demand (21%)
	1925	702,625	147,551
% Market Share	14% (147,551/ 1,043,335)		

Source: *Association Meeting: Trends 1989, ASAE, 1989, Peat Marwick Stevenson & Kellogg*

Participation forecasts to 1999 for Alberta adventure travel (guest days)

RIVER RAFTING	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	2,475	2,847	3,274	3,765	4,329	4,979	5,726	6,584	7,572	8,708	10,014	11,516
CANADA	617	709	815	938	1,078	1,240	1,426	1,640	1,886	2,169	2,494	2,868
USA	3,145	3,616	4,159	4,783	5,500	6,325	7,274	8,365	9,620	11,063	12,722	14,630
JAPAN	348	400	460	529	608	699	804	924	1,063	1,223	1,406	1,617
WEST GERMANY	354	407	468	538	618	711	818	941	1,082	1,244	1,430	1,645
OTHER OVERSEAS	1,448	1,665	1,915	2,202	2,533	2,912	3,349	3,852	4,429	5,094	5,858	6,737
TOTAL	8,386	9,643	11,090	12,753	14,667	16,866	19,396	22,306	25,652	29,500	33,925	39,013
GUEST RANCHES	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	32,179	37,006	42,557	48,941	56,282	64,724	74,433	85,597	98,437	113,203	130,183	149,710
CANADA	8,631	9,926	11,415	13,127	15,096	17,360	19,964	22,959	26,403	30,363	34,918	40,156
USA	11,793	13,561	15,596	17,935	20,625	23,719	27,277	31,368	36,074	41,485	47,707	54,863
JAPAN	2,476	2,848	3,275	3,766	4,331	4,981	5,728	6,587	7,575	8,711	10,018	11,520
WEST GERMANY	2,478	2,850	3,278	3,769	4,335	4,985	5,733	6,593	7,582	8,719	10,027	11,531
OTHER OVERSEAS	3,741	4,302	4,947	5,689	6,542	7,524	8,652	9,950	11,443	13,159	15,133	17,403
TOTAL	61,298	70,493	81,067	93,227	107,211	123,293	141,787	163,055	187,513	215,640	247,986	285,184
TRAIL RIDES	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	4,126	4,744	5,456	6,274	7,216	8,298	9,543	10,974	12,620	14,513	16,690	19,194
CANADA	8,015	9,217	10,599	12,189	14,018	16,120	18,538	21,319	24,517	28,195	32,424	37,287
USA	13,103	15,068	17,328	19,928	22,917	26,354	30,308	34,854	40,082	46,094	53,008	60,959
JAPAN		0	0	0	0	0	0	0	0	0	0	0
WEST GERMANY												
OTHER OVERSEAS	724	833	957	1,101	1,266	1,456	1,675	1,926	2,215	2,547	2,929	3,368
TOTAL	25,967	29,862	34,341	39,493	45,416	52,229	60,063	69,073	79,434	91,349	105,051	120,808

Source: *Alberta Tourism, Peat Marwick Stevenson & Kellogg*

Participation forecasts to 1999 for Alberta adventure travel (guest days)

ALL CATEGORIES	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	54,870	63,100	72,565	83,450	95,968	110,363	126,917	145,955	167,848	193,025	221,979	255,276
CANADA	14,180	16,307	18,753	21,566	24,801	28,521	32,799	37,719	43,376	49,883	57,365	65,970
USA	18,082	20,794	23,913	27,500	31,625	36,369	41,824	48,098	55,313	63,610	73,151	84,124
JAPAN	956	1,099	1,264	1,454	1,672	1,922	2,211	2,542	2,924	3,362	3,867	4,447
WEST GERMANY	1,924	2,212	2,544	2,926	3,365	3,870	4,450	5,117	5,885	6,768	7,783	8,951
OTHER OVERSEAS	3,861	4,441	5,107	5,873	6,753	7,766	8,931	10,271	11,812	13,584	15,621	17,964
TOTAL	93,872	107,953	124,146	142,768	164,183	188,811	217,132	249,702	287,158	330,231	379,766	436,731
WILDERNESS & BICYCLE TOURS												
	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	132	152	175	201	231	266	305	351	404	464	534	614
CANADA	222	255	294	338	388	446	513	590	679	781	898	1,033
USA	603	693	797	917	1,054	1,212	1,394	1,603	1,844	2,120	2,438	2,804
JAPAN		0	0	0	0	0	0	0	0	0	0	0
WEST GERMANY	28	32	37	42	49	56	64	74	85	98	112	129
OTHER OVERSEAS	19	22	26	29	34	39	45	51	59	68	78	90
TOTAL	1,004	1,154	1,327	1,527	1,756	2,019	2,322	2,670	3,070	3,531	4,061	4,670
CLIMBING	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
ALBERTA	825	949	1,091	1,255	1,443	1,660	1,909	2,195	2,524	2,903	3,338	3,839
CANADA	308	354	408	469	539	620	713	820	943	1,084	1,247	1,434
USA	105	121	139	159	183	211	242	279	321	369	424	488
JAPAN		0	0	0	0	0	0	0	0	0	0	0
WEST GERMANY	9	10	11	13	15	17	20	23	27	30	35	40
OTHER OVERSEAS		0	0	0	0	0	0	0	0	0	0	0
TOTAL	1,247	1,434	1,649	1,896	2,181	2,508	2,884	3,317	3,814	4,386	5,044	5,801

Source: *Alberta Tourism, Peat Marwick Stevenson & Kellogg*

Projected demand for overnight guest ranch accommodation

	1989	1993	1996	1999
Total Guests	70,493	123,293	187,513	285,184
Overnight Guests (based on 1 to 10 ratio)	6,408	11,208	17,047	25,296
Overnight guest nights (average length of stay 2.4 nights)	15,379	26,899	40,913	60,710
Guest nights available - season May 1-Oct. 15 - overnight capacity -120	20,160	20,160	20,160	20,160
Over/(short) guest night accommodation supply	4,781	(6,739)	(20,753)	(40,550)
Units required - based on double occupancy and 168 day season	0	20	62	121

Source: *Peat Marwick Stevenson & Kellogg*

Camping demand vs. existing supply - weekend analysis

	Campsite night Weekend Demand		Campsite night Weekend Capacity		Campsite night Excess Capacity	
	Banff	Kan./B.C.	Banff	Kan./B.C.	Banff	Kan./B.C.
1988	93,216	76,618	83,082	127,062	-10,134	50,444
1989	94,027	77,285	83,082	127,062	-10,945	49,777
1990	97,694	77,285	82,082	127,062	-14,612	46,763
1991	99,755	81,993	83,082	127,062	-16,673	45,069
1992	101,930	83,780	83,082	127,062	-18,848	43,282
1993	104,070	85,540	83,082	127,062	-20,988	41,522
1994	106,152	87,251	83,082	127,062	-23,070	39,811
1995	107,988	88,760	83,082	127,062	-24,906	38,302
1996	110,926	91,174	83,082	127,062	-27,844	35,888
1997	113,976	93,682	83,082	127,062	-30,894	33,380
1998	117,122	96,267	83,082	127,062	-34,040	30,795
1999	120,389	98,953	83,082	127,062	-37,307	28,109

Source: *Peat Marwick Stevenson & Kellogg, Alberta Recreation and Parks, Kananaskis Campground Occupancy Data, 1988; Canadian Parks Service, Banff Campground Occupancy Data, 1987-1989.*

Projected weekend demand for R.V. campsites - camp site nights

	Campsite night Weekend Demand		Campsite night Weekend Capacity		Campsite night Excess Capacity	
	Banff	Kan./B.C.	Banff	Kan./B.C.	Banff	Kan./B.C.
1989	29,148	23,958	27,880	23,504	-1,268	-454
1990	30,285	24,893	27,880	23,504	-2,405	-1,389
1991	30,924	25,418	27,880	23,504	-3,044	-1,914
1992	31,598	25,972	27,880	23,504	-3,718	-2,468
1993	32,262	26,517	27,880	23,504	-4,382	-3,013
1994	32,907	27,048	27,880	23,504	-5,027	-3,544
1995	33,476	27,516	27,880	23,504	-5,596	-4,012
1996	34,387	28,264	27,880	23,504	-6,507	-4,760
1997	35,333	29,041	27,880	23,504	-7,453	-5,537
1998	36,308	29,843	27,880	23,504	-8,428	-6,339
1999	37,321	30,675	27,880	23,504	-9,441	-7,171

Source: *Peat Marwick Stevenson & Kellogg, Alberta Recreation and Parks, Kananaskis Campground Occupancy Data, 1988; Canadian Parks Service, Banff Campground Occupancy Data, 1987-1989.*

Methodology Relevant To Golf Potential Calculations

Participation Rates

Calgary - When surveyed by Canadian Facts as part of this study 38% of Calgary households mentioned that they would be likely to participate in golf in the Canmore area if it were available. The survey questions revealed that the average Calgarian who golfs plays 1 - 7 rounds per year. The Calgary demand figure assumes that one person from each Calgary household who indicated that they would be likely to golf in the Canmore area would play 1 - 5 rounds per year.

Other Alberta - The Alberta Leisure Golfing Demand Analysis identified a golf participation rate of 30.5% for Albertans. This rate is relevant to those over 12 and was directed at the population at large. This rate in our demand calculations was applied to those aged 12 and over projected to visit the Banff/Bow Canmore area during the golf season. Average household size was also accounted for due to the fact that the participation rate was developed on a household basis.

Other Canada - This participation rate was identified by the 1989 Print Measurement Bureau Survey of Canada Areas. This is a 16,000 case survey of Canadians aged 12 and over. The same methodology as identified for other Albertans was utilized for Canadians residing outside of Alberta who visit the area.

U.S.A - The participation rate of 25.5% was identified by the California Survey Commissioned by Alberta Tourism concurrent with this study. This rate was generated by a question asking "if vacationing in the Canadian Rockies, would you or anyone in your household consider golfing at various resorts as part of your trip?" Although participation rates for the U.S. in general are identified in numerous sources, since this one was relevant to vacationing in the Rockies, it was applied to all U.S. visitors to the area during the golf season, accounting for household size.

Overseas - A rate of 5.6% was used for overseas visitors, and applied to visitors in the area during the golf season. This rate was identified in the Ruston/Tomany National Parks Utilization Study for Japanese visitors. The overseas rate used in golf potential calculations is weighted heavily towards the Japanese rate given their dominant proportion of overseas visitation.

Golf - Courses already proposed for the area surrounding Calgary were not considered in calculating this golf potential. Out of the five segments indicated in the potential calculation, the one in which already planned courses would have the greatest impact is the Calgary segment.

However, the impact of these courses is difficult to estimate. They will naturally lessen the demand from Calgarians, to a degree, given that some would rather golf at these courses than drive to Bow-Canmore. However, golf has been shown to be a supply

driven activity. The courses, if constructed in the Bow Canmore area, could generate a degree of induced demand, which could offset the decrease in demand caused by courses constructed on Calgary's outskirts.

Calculation of 1999 Potential

These estimates apply to some assumptions described earlier. However, golf participation is also projected to increase 3% per year due to an aging population base, increased leisure time, and other factors. Additionally, in tabulating the demand from all surveys other than Calgary, the projected overnight visitation to the area by 1999, as mentioned earlier in this appendix, was used as a base figure.

Methodology for induced accommodation demand

Future accommodation requirements based on area-wide demand growth - with induced demand Bow-Canmore 1993-1999.

1. Convention/meeting room demand is derived by assuming that an additional 25% of the deficit room units identified through the room nights demanded calculation could be derived from induced meeting/convention demand. The 25% is consistent with the past experience of accommodation properties which aggressively pursue this market. In the past they have found up to 25% of total revenues can be generated by the meeting/convention market.

2. Regional/family room demand is derived from an analysis of the projected growth rates of Alberta resident travel and room-nights demanded in Banff/Bow-Canmore.

Regional/family demand - Fixed roof	1989	1993	1996	1999
Room-nights forecasted	1,267,444	1,397,438	1,458,620	1,593,874
Room demanded (room-nights/365)	3,472	3,829	3,996	4,367
Additional room demand		357	167	371
Capture rate = 41% (as experienced by Banff)		146	68	152

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Project Report

EXECUTIVE SUMMARY — BOW-CANMORE AREA MARKET DEMAND STUDY

Prepared for

Alberta Tourism
Edmonton, Alberta

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October, 1990

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To Whom It May Concern:

The following consultant's report was undertaken for the purpose of providing market demand information to facilitate planning and decision-making for tourism product developments within the Bow-Canmore area. The study is intended primarily for the use of operators and potential developers of tourism projects in the region, although it is expected that its benefit as a reference will be widely spread among many private and public sector users.

It should be noted that this study was conducted by an independent consultant commissioned by Alberta Tourism. As such, this study does not represent government policy, nor does it imply any commitment to implementation at this time.

If you have any comments regarding the report, please contact:

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Yours sincerely,

Bernard F. Campbell
Deputy Minister

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Preface To Executive Summary

The focus of this study is the Bow-Canmore area, defined as the area extending from the eastern edge of Banff National Park along the Bow River to the western edge of the Stoney Indian Reserve. The area's north and south boundaries are made by the mountains in the north and Kananaskis Country to the south.

This study was undertaken to provide market demand information to facilitate planning and decision making regarding tourism product developments appropriate for the market opportunities for the area. The study is intended for use by operators and potential developers of tourism business in the region as well as agencies from all levels of government.

The study addresses four main objectives:

- To provide information about the demand for a variety of tourism opportunities which could be developed in the area.
- To assess the extent to which the area's resources will appeal to various market segments.
- To provide information on comparable areas and to identify information on the markets and development patterns at these comparable areas and resulting implications for the Bow-Canmore area.
- To match existing and potential tourism products in the area with appropriate market demand opportunities.

A number of additional studies were also underway or being contemplated while this study was being conducted. This study addresses exclusively issues associated with market demand and related development potential. It does not consider in any detail, the environmental, land use planning or other issues associated with possible developments in the area.

While the study focuses on the Bow-Canmore area specifically, it considers events in the larger region in as much as market trends and competing and complementary developments could impact on the area.

The study is based on a combination of secondary source and primary source research. These sources are documented throughout the study as well as in the Appendix.

Executive Summary

A. Introduction

The Bow-Canmore area has long been identified as a region with significant tourism potential for Alberta. Although the area has traditionally been an access and service area for Banff, it is now emerging as a potential alternative to Banff for the national/international markets. Evidence of this is found in the growing number of development proposals for the area. Local municipalities have also developed a range of statutory plans, as well as tourism action plans, for lands under their jurisdiction.

Alberta Tourism commissioned this study to determine what types of products suitable for development in the Bow-Canmore area coincide or match with market demands and projections. This study is part of a series of studies being conducted in the area for the benefit of private and public sector users, and will assist in the preparation of a tourism development framework.

The Bow-Canmore area is situated in the Bow River Valley, extending easterly from the eastern edge of Banff National Park along the TransCanada Highway to the junction of Highway 40 with the TransCanada Highway. The area is bordered on the north and south sides by magnificent vistas of the Rocky Mountains, typical of the spectacular scenery characteristic of the Banff area. The southern edge of the area contains the gateway to Kananaskis Country, home to the 1988 Winter Olympics downhill skiing events and the beautiful Kananaskis Golf Course. It encompasses land from the M.D. of Bighorn and includes the Town of Canmore, and Hamlets of Deadman's Flats, Lac des Arcs, Exshaw, Seebe, and Harvie Heights.

Although the area defined above is the main focus of the study, its proximity to Banff National Park and Kananaskis Country means any development that takes place in any of these areas will affect the other areas as well. Accordingly, this report examines markets and development opportunities for the Bow-Canmore area within this larger regional context.

There are already a variety of activities possible and facilities available in the Bow-Canmore area. Accommodation ranges from luxury hotels to wilderness, live-in campsites. On the same day, one could attend a meeting, enjoy fine dining, and go downhill skiing.

The Bow-Canmore area offers a great deal of potential for further tourism development. As identified later in this summary, a number of market and product demand trends bode well for the region. The area is easily accessible by tourists, and its proximity to Calgary

and Banff makes it appealing to the local market. Its location in relation to Banff allows it to "tag on" to Banff's international reputation, and at the same time benefit from restrictions and guidelines constraining growth and development in the National Park.

B. Lessons from comparable areas

The Bow-Canmore area is in the unique position of having little development in place, therefore, it can learn from and avoid the mistakes made by others. Part of this study involved reviewing areas comparable to Bow-Canmore, to identify market trends being experienced, identify items that operators felt could have been improved upon, and, if the resort was to start from the beginning, which would have been handled differently.

The five comparable areas reviewed included: Summit and Eagle Counties in Colorado, The Broadmoor golf resort in Colorado, the Columbia Valley and Whistler in British Columbia, and the Flathead Valley in Montana. A chart highlighting relevant information from each of these areas is shown in Exhibit 1.

Exhibit 1
Comparable area summary

	Summit County	Vail/ Beaver Creek	Broad-moor	Whistler	Columbia Valley	Banff/ Canmore/ Kan.	Flathead Valley
Golf visitor days	75,000	110,000	90,000	35,000	170,000	180,000	300,000
Number of holes	72	90	54	18	90	81	126
No. of rounds per 18 holes	18,750	22,000	30,000	35,000	29,000	40,000	43,000
Skier visits	2,953,000[1]	1,454,000	42,000	1,221,000	130,000	1,090,000	267,750
No. of ski areas	4	2	1	2	1	5	1
No. of bicycle visitor days	118,000	45,000[2]	N/A	N/A	N/A	N/A	N/A
Convention/meeting space	198,500[3]	85,000[4]	100,000[5]	45,000[6]	10,000	72,000[7]	N/A
Number of rooms[8]	11,000	8,000[9]	550	2,500	1,350	6,510	2,803
Number of pillows[10]	36,000	28,300	1,520	9,450	4,050		

Source: *Peat Marwick Stevenson & Kellogg, Expert Interviews*

1 *Includes Breckenridge, Keystone, Copper, and Arapahoe Basin.*
2 *Includes only bicycle volume on summer lift system.*
3 *Includes 77,500 sq. ft. at Keystone, 76,000 sq. ft. at Breckenridge, and 45,000 sq. ft. at Copper (35,000 sq. ft. under construction).*
4 *Includes eight principal properties and Dobson Arena (17,000 sq. ft.).*
5 *Includes 38,000 sq. ft. under construction.*
6 *Includes all meeting space in Whistler Village, convention centre and Chateau Whistler.*
7 *Includes 35,000 sq. ft. under construction at Banff Springs. Does not include the Banff Centre, or a planned expansion of the Chateau Lake Louise.*
8 *Number of rooms derived from resort association files or estimated from pillow counts.*
9 *Number of rooms for Vail only.*
10 *Number of pillows derived from resort association files or estimated from room counts.*

The experience of individual operators and industry associations in these areas can be crystallized into a number of important lessons for the Bow-Canmore area.

- **Architectural control is essential for any resort area to project consistent images and themes and enhance continuity**. The projection of consistent themes and images is very important to generate consumer awareness and recognition.

- **Convention and meeting facilities are essential to stimulate demand in shoulder seasons.** This is one market that does generate significant levels of travel during the shoulder seasons. The inclusion of meeting and convention facilities in the Bow-Canmore area will be necessary to increase visitation and economic benefits during the shoulder seasons.

- **Golf courses are necessary to attract group and meeting business**. The availability of recreation facilities, particularly for golf, is necessary to attract this important market.

- **The cooperation and support of airlines is critical to the success of any mountain resort**. The availability of air transportation will become increasingly important as international visitation commands an increasing share of total visitation to the Bow-Canmore area.

- **The Bow-Canmore area should have one planning/coordinating body**. Each of the comparable areas examined either had such an agency or cited its absence as the cause of many problems.

- **Golf courses should be developed with their cost recovery potential in mind**. Revenue generated from the sale of residential/resort developments planned in conjunction with golf courses can offset the limits on profitability imposed by Bow-Canmore's short playing season.

- **Good internal transportation systems must be provided for visitors**. To compete effectively with other international destinations, an inter resort public transportation system that provides access to all major attractions in the region must be developed.

- **Central booking agencies should be implemented**. Such a system, offered in response to decreasing leisure time and demands for greater convenience when making travel arrangements, allows individuals to book any type of activity and/or accommodation combination ahead of time.

- **A mix of accommodation should be developed to achieve maximum economic benefits**. Second homes should be developed to provide a stable year-round weekend base, while hotels are necessary to attract greater numbers of individuals during the week and shoulder seasons.

C. Market trends

The experience of comparable areas, as expressed in the lessons identified above, is invaluable in defining the context in which product development should occur in the Bow-Canmore area. There are, however, a number of resort market trends that allow fine tuning of the analysis.

For Alberta in general, and the Bow-Canmore area in particular, the main growth opportunities lie in overseas markets. If current and expected trends continue, the domestic and U.S. markets will decline from the current 86% of visitation to 82% over the next ten years, while overseas visitation will increase to 18% of total visitation from the current 14%. Some markets can be expected to increase dramatically, particularly Japan, the Pacific Rim, the United Kingdom, and France. The number of Japanese to the Banff/Bow-Canmore area could almost triple over the next ten years, while both the United Kingdom and French visitors could be double current levels. Exhibit 2 shows the expected shifts in Banff/Bow-Canmore visitor origins to the year 1999.

Exhibit 2
Expected shifts in visitor origins to Banff/Bow-Canmore area 1990-1999

MARKET ORIGIN OF VISITORS	ESTIMATED 1990		EXPECTED 1999	
	Number of overnight trips	%	Number of overnight trips	%
Alberta	855,000	52	1,039,000	50.8
Other Canada	325,000	19	390,000	19.1
U.S.	252,000	15	255,000	12.5
Japan	68,000	4	140,000	6.8
Asia/Oceanic	29,000	2	41,000	2.0
U.K.	45,000	3	79,000	3.9
West Germany	17,000	1	19,000	1.0
France	15,000	1	20,000	1.0
Other Europe	46,000	3	61,000	2.9
Total	1,652,000	100.0	2,044,000	100.0%

Source: Tourism Canada, Alberta Tourism Economic Impact and Forecasting Model, Peat Marwick Stevenson & Kellogg

Not only will the origins of visitors to Bow-Canmore change by the end of the decade, but several worldwide tourism trends will take hold and impact development in the Bow-Canmore area. These are:

- The time and value conscious travel consumer will demand quality facilities in the Bow-Canmore area at a reasonable price.

- Future consumers will increasingly want a central agency capable of coordinating bookings of all facilities and services to alleviate the time constraints faced in making travel plans.

- As the population ages, more opportunities to market Bow-Canmore in the shoulder season should occur.

- Frequent travellers will be increasingly hard to convert to repeat customers as they continue to seek new travel experiences. Increased marketing expenditures will be necessary to maintain demand from this segment.

- Differing demands by income segments will force operators in the Bow-Canmore area to concentrate on the market niches they can best serve. Individuals in the upper income levels will expect high quality facilities and levels of service consistent with their expenditure patterns and tastes, while lower income individuals will look for value and service consistent with their budget.

Given the need for niche orientation in the future, and the changing profile of the origin of visitors to the area, there are a number of important origin specific market trends that warrant attention:

1. Canadian market

Less frequent travel with children will mean less demand for vacation facilities popular with families, such as campgrounds. The level of development and amenities offered at existing campsites will need to be enhanced to accommodate the needs of the increasing ranks of the middle aged.

The continuing dominance of the automobile, combined with shorter trips closer to home will make the resident market increasingly important to the short-term success of any resort development in the area. To attract residents of Calgary, a combination of mid-priced fixed roof accommodation and semi-serviced campsites should be developed.

2. U.S. market

The increasing use of air as a mode of transportation for pleasure trips combined with the dominance of touring vacations indicates the need for better development of the fly/drive product. In addition, the large majority of U.S. travellers who feel the availability of moderately priced accommodation is very important, suggests that moderate or mid-range accommodation should be provided for this market segment.

Although sightseeing is one of the predominant activities Americans engage in while visiting Canada, they will not travel to a place strictly for this purpose. Accordingly, there has to be adequate shopping and other recreational facilities to interest the market while in the area.

3. The Japanese market

The honeymooner segment attracted to Banff demands high quality facilities and world renowned attractions. This market segment is expected to continue growing, although it may be very difficult to convert it to a relatively new and unknown destination.

The Japanese family market could be a long-term growth market for Bow-Canmore to target. Bow-Canmore could offer many recreational facilities for families, while providing the scenic beauty necessary to appeal to the majority of the Japanese. Condominium type accommodation would be most appropriate for this market. The development of this segment would require air fare reductions or moderate prices to make the area affordable and appealing.

A tremendous increase in interest in skiing is being observed in Japan. In spite of large improvements to the skiing infrastructure within that country, Japanese tour operators are offering ski trips to top overseas destinations with good success.

4. The U.K. market

The increasing preference for condominium or villa type accommodations (self-catering) indicates that this type of accommodation would appeal to the U.K. market. Increases in package holidays to the U.S. which include air fare and vehicle rental, suggests that the fly/drive product should also be promoted to this group.

Development of outdoor adventure day trips which could be accessible from a condominium type complex may be the most attractive development for the U.K. market. Significant potential also exists in the ski market. Canada's transportation and cost comparativeness with European destinations, combined with better snow conditions, are becoming known to this market.

5. The West German market

The German market is attracted to Canada's outdoor activities and natural beauty. Ensuring the natural resources in the Bow-Canmore area remain well protected will have the greatest effect on continuing to attract this market.

The fly/motorhome rental market is growing and can be expected to increase. Of the international visitors to the area, Germans are the most predominant group to use this means of transportation. They enjoy staying in well-serviced, uncrowded campgrounds. The present shortage of recreation vehicle (R.V.) facilities in Banff

indicates that there is potential to develop R.V. campsites in the Bow-Canmore area to cultivate the German Market.

6. The French market

Canada is perceived positively by this market in terms of outdoor activities (e.g. scenery, wildlife, natural parks and forests), public transportation, hygiene and cleanliness, interesting and friendly people, and unique native cultural groups. On the negative side, the view that Canada is expensive, especially in terms of accommodation and restaurants, indicates the need for moderately priced facilities to appeal to this market.

7. Other Asian/Oceanian markets

As with the Japanese market, the Asian "yuppies" (the strongest Asian segment) will be seeking destinations with recognizable landmarks and well-known destinations. It will be difficult to convert these visitors to Bow-Canmore in the near future unless Banff is used as the principal lure. A self-contained resort may be successful in attracting this group in the long-term. This type of facility has recently increased in popularity with the Japanese market, and as the area's name and reputation is built, it may be successful in drawing from all segments of the Asian market.

In the long-term, there is potential to attract the parents of the "yuppies" who are being encouraged to travel. However, the elderly people will be more price conscious and less "image and prestige" conscious than their professional children. Again, the availability of moderately priced accommodation and restaurant facilities will be important to this group.

Other countries and segments which may have potential for the Bow-Canmore area include the Taiwanese female office workers and the Taiwanese family market. The Australian market is also attractive due to its predisposition to travel during shoulder seasons. The Taiwanese and Australian markets represent the best market opportunities geographically within Asia/Oceania for the Bow-Canmore area.

D. Product trends

The shift in market demand in the Bow-Canmore area towards international visitors will naturally impose a new set of consumer tastes and preferences on tourism operators, products, and facilities. Indeed, tastes are changing even within each of these market areas. However, other important considerations in developing an appropriate product/market match for the area are trends associated with the tourism product itself. The products most relevant to future development in the Bow-Canmore area are outdoor activity products, accommodation/recreational real estate, skiing, golfing, and meetings and conventions.

1. Adventure activity

Adventure travel is forecast to be the fastest growing segment of the travel industry, with growth rates of 15-21% predicted for the next five years. The present product base in the Bow-Canmore area combined with these anticipated growth levels in the adventure tourism market indicate this product has good development potential for the area. The existing development restrictions in Banff National Park limit the opportunity to base such activities as heli-hiking, bicycle touring, hut-to-hut ski touring, or long distance overnight trail riding in the Park. The extensive land resource and location of the Bow-Canmore area provide an excellent base for adventure product development.

The markets exhibiting the strongest interest in this product are the U.S. (particularly California and other west coast states), French, U.K., German, and Japanese markets. The development of international calibre outdoor adventure activities may provide a good base to draw visitors from these countries to the area.

Specific product development/enhancements relevant to the adventure activity market in the Bow-Canmore area include:

- An additional 121 units of guest ranch accommodations could be required by 1999.
- Good potential for paved bike and hiking trails along with packaged opportunities. Participation in wilderness and bicycle tours could exceed four times the present participation by 1999.
- Climbing packages should be developed or re-oriented to accommodate the high level executive. With the aging of the population, fewer individuals are expected to remain active in this sport. However, growth is expected in the higher end of this segment.
- The white water rafting product should accommodate float trips with nature observation and deluxe rafting experiences. The current product appeals to a market similar to the young, aggressive ski market, which is declining.

2. Alpine and nordic skiing

Research on the typical Albertan skier has shown that Alberta attracts serious skiers who are attracted by the terrain and snow conditions but not overly concerned with on-hill accommodation and apres-ski activities. Decreasing participation rates, the aging of the skier population and greater demand for skier amenities will have a long-term adverse effect on the Alberta ski market.

The majority of the future market growth for downhill skiing in Kananaskis Country and Banff National Park will be industry driven. Cooperative marketing

efforts to attract new and non-active skiers to the area will have to be implemented to increase skier visits. Marketing efforts aimed at the children of baby boomers may result in increased participation by non-active skiers.

The Bow-Canmore area can be very successful in attracting the current non-skiing market. Typically, this market feels intimidated by the alpine skiing experience. Amongst other things, increased marketing must be undertaken to change the image of downhill skiing to make it less threatening to the non skiing market. The Bow-Canmore area may have the unique ability to offer a winter vacation experience combining a few days of alpine skiing (lessons included) with other winter activities (e.g. sleigh rides, skating, snow shoeing) while providing a location that is off the hill and more comfortable for the non-skier.

Any future development of the destination skier market will require significant alliances with major airlines and car rental agencies. Direct flights from Chicago, Minneapolis, and other major American cities should be implemented to improve access and make the Canadian Rockies a convenient alternative to Colorado or Utah.

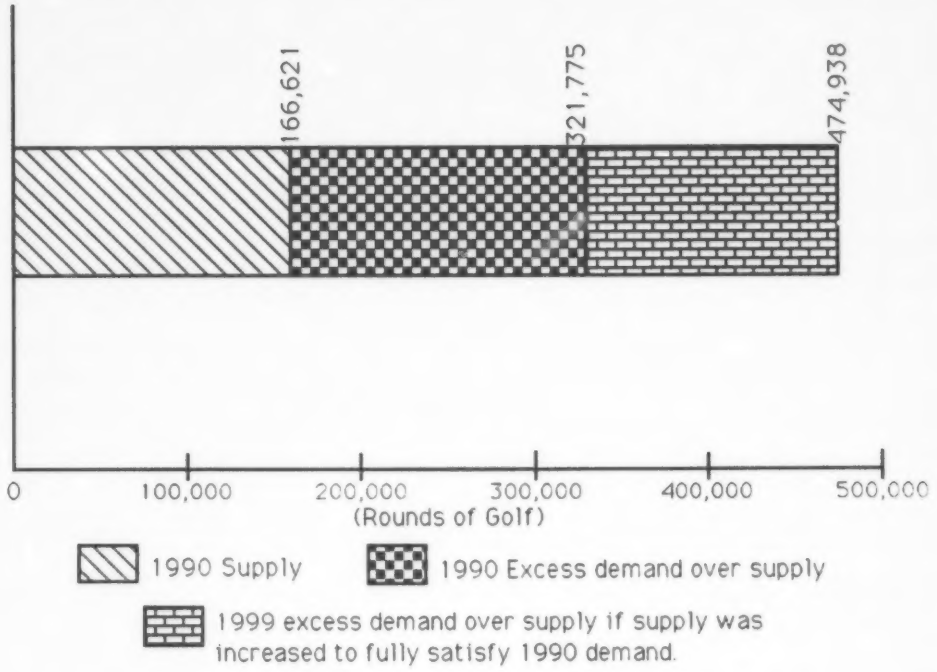
The demand for on-hill accommodation by destination skiers can be lessened by providing a convenient transportation system from the Bow-Canmore area to the 5 regional ski resorts. The opportunity to ski a variety of areas on vacation is a very desirable feature and could be marketed this way. The necessity of a convenient and regular transportation system is emphasized by skiers' apparent desire to be flexible - they want to start or stop skiing when they want - not when the transportation systems dictates. In addition, the transportation system can provide easy access to restaurants, shops, etc. in the region.

3. Golf

A substantial opportunity for golf course development exists in the Bow-Canmore area due to the existing undersupply in the golf sector and the forecast increases in demand.

The potential demand for golf in the area exceeds current supply to the extent that an additional four 18-hole courses could be supported immediately. By the year 1999, increasing visitation and participation rates will combine to create the need for eight 18 hole golf courses in addition to the supply that currently exists in the area. Exhibit 3 illustrates the extent of this excess demand.

Exhibit 3
Golf supply vs. demand (1990 and 1999)



With respect to the type of golf course development that should occur, the Alberta market feels well-designed and maintained courses are more important than those designed by a "name brand" designer. In terms of appealing to the golf tourism market, a "name brand" course may be necessary to act as an anchor for the area.

Some demand may exist for residential development associated with golf courses in Alberta. Almost 42% of Albertans aged 18 and over surveyed as part of the Alberta Leisure Golfing Market Demand Analysis indicated that they would consider purchasing or leasing residential accommodation at a golf resort in Alberta, with close to half of this interested group preferring Rocky Mountain or Foothills locations. A U.S. trend toward non-golfer interest in golf-related real estate may emerge in Alberta, although Albertan non-golfers do not currently show significant interest.

4. Recreational vehicle travel and camping

Short term indications are that camping participation will remain stable. In the long-term, more participation due to the aging of the population and an increase in leisure time may occur. As individuals age, they have tended to switch to camping

equipment other than tents. Campground development should be targeted more towards the R.V. or trailer user as opposed to tent campers. Currently, at least 16% of the camping population usually uses R.V.'s in addition to the unknown portion of the 59% of the population which uses mixed equipment. With growth projected in overseas visitors who use R.V.'s, and the projected increasing use of R.V.'s as camping equipment, campgrounds should be developed with the needs of this market foremost.

There is sufficient existing campsite capacity in the area to satisfy demand beyond 1999 on an average basis. The development emphasis over the next ten years for campgrounds in the area should therefore be on improving service rather than on adding new sites. The type of developments most appropriate involve those which would provide better service to older tourists such as:

- Expanding electrical and sewage hook-ups for R.V.'s.
- Developing rustic cabins to rent for those who prefer more secure accommodation.

Banff currently encounters shortages of R.V. serviced campsites on weekends. By 1999, 167 additional campsites will be required to accommodate the overflow from projected weekend demand. Close to 145 of these additional campsites should have, at minimum, electrical hookups, access to water and a dumping station.

5. Roofed accommodation and recreational real estate

The Bow-Canmore area should include three types of accommodation in order to enhance its success as a resort area:

- Tourist accommodation (e.g. hotels, "stand alone resorts").
- Recreational - residential housing (residences or "second homes", both owned and rented).
- Timesharing (interval ownership).

Tourist accommodation will benefit from a "rental pool" including timeshare units and a segment of privately owned recreational-residential housing units. The rental pool allows greater tourist usage of the resort area in peak seasons, without the development of additional tourist accommodation that would be uneconomical during off-peak seasons.

The supply of accommodation units in a resort area and the proportion of tourist, second home and timesharing units are based on a number of factors. One of the most significant factors is the visitation potential of the resort on a year-round basis. The quantity and quality of accommodation units and the desirability of these units (from a resale perspective) is highly dependent on the number of days in a year that

sufficient demand can be generated to make the real estate profitable and therefore, a good investment. With few exceptions a minimum of 2 1/2 seasons (e.g. summer, winter and part of spring or fall) are required, unless the resort has a particular one season focus and remains only partially operational for the balance of the year. In the latter case it is unlikely that a major national or international hotel management company would participate in operation of the resort.

Other factors include:

- Proximity to a major urban centre and international airport.
- Diversity of recreational amenities.
- Land costs.

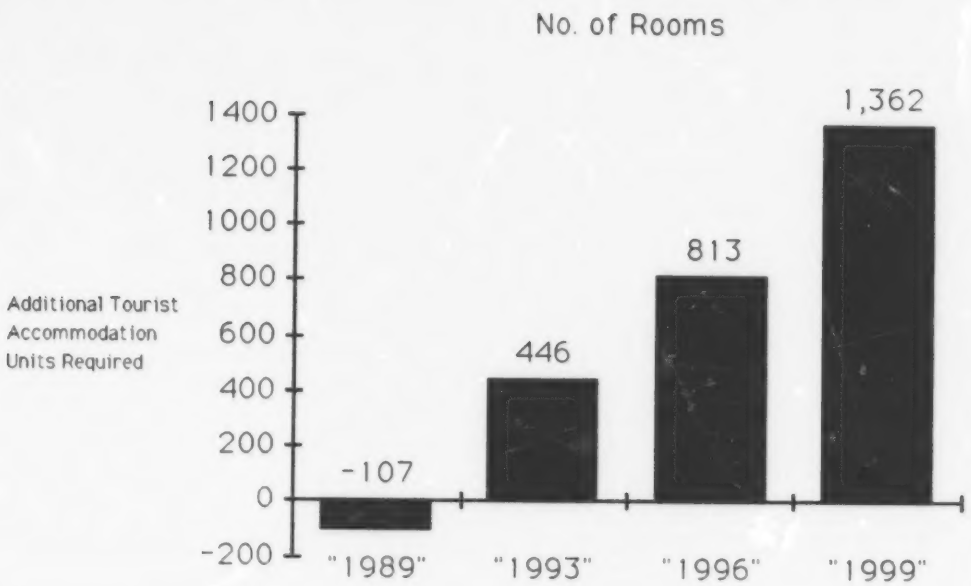
The Bow-Canmore area is in a relatively positive position with respect to nearly all of the above factors. The development of additional infrastructure to generate demand in the shoulder seasons will further enhance the image of the area as a four season destination.

Demand from existing markets will eventually outpace supply of tourist accommodation in the Bow-Canmore area. Additionally, visitation will be generated through the provision of new attractions, activities, and resort projects themselves.

The cost of resort development dictates the need for four season operation at good occupancy levels to be economically viable. For resort developments in Bow-Canmore to be successful, the operating season must be extended past that of the majority of accommodation properties currently operating in Banff National Park.

The three markets most likely to provide the increased demand are conventions and meetings, regional and family markets, and increased outdoor/adventure demand. These markets will provide a level of induced demand for accommodation in the Bow-Canmore area - demand from present and new markets that otherwise would be channelled elsewhere. Exhibit 4 illustrates the amount of additional accommodation required as a result of existing and induced demand.

Exhibit 4
Future tourist fixed-roof accommodation requirements based on area wide demand growth with induced demand (Bow-Canmore 1989-1999)



Note: These estimates do not include recreational-residential housing (owned and rented) or timeshare developments.

Source: *From Exhibit V - 4(a) in main report.*

With respect to the demand for second residences or cottages, the primary market is residents of Calgary. Almost 4,000 households are likely to be interested in second residences or cottages in the Bow-Canmore area. Estimates of this potential market should be treated with some caution. Although a large degree of pent up demand could exist due to the former lack of second residence opportunities close to Calgary, this potential was determined without reference to price or features of these second residences. As well, although respondents were queried directly about their interest in the Bow-Canmore area, other opportunities for second residence ownership may serve to further lessen this potential.

6. Meetings and conventions

The following trends in the meetings and conventions market will have a large impact on the type of meeting facilities which should be developed in the Bow-Canmore area:

- Small meetings (up to 250 people) are expected to dominate the industry in the medium term. Many of these meetings will have an educational focus.

- Dedicated conference centres are increasingly being requested by meeting planners on behalf of corporations and associations that have greater facility expectations.

- The number of spouses and families travelling with convention delegates will continue to grow.

Resort hotels currently capture 14% of the meeting market in Alberta. With the addition of the Banff Springs and Lake Louise convention facilities, the competition within the region to host meetings will increase. Any new convention and meeting facilities in the Bow-Canmore area will have to offer very competitive facilities and prices. The present competition in the regional market indicates the success of new facilities will be dependent on their ability to attract national and international meetings and conventions.

Incentive travel is an opportunity closely related to the meetings and conventions market. The incentive travel industry in the United States has grown by an average annual rate of 13.5% since 1984. Most incentive travel is group based and the largest users are the insurance, automotive, and electronics (radio and television) industries. Incentive travel is attracted to resort areas with good meetings facilities. Incentive travel should provide reasonable opportunities to major resorts with convention and meeting facilities in the Bow-Canmore area, particularly during the early fall / late spring, and summer and winter ski seasons.

E. Product development implications for Bow-Canmore

The product development issues and implications of relevant market and product demand trends are highlighted in Exhibit 5, and takes the form of a product market match.

As Exhibit 5 shows, the products that are best developed in the area very much depend on which markets are being pursued. Some products such as campground development, for example, would tend to appeal somewhat more to specific markets such as the western Canadian and West German markets. Similarly, meetings and convention products would appeal to the domestic and U.S. markets. Other products such as shopping would have broad appeal in all of the key growth markets. Additional product initiatives also with broad market appeal would be fly/drive packages, packaged outdoor adventure services, and moderately priced accommodation facilities.

The markets and associated products which merit particular attention are the domestic, Japanese, Australian, and U.K. markets—the domestic market, because of its size and seasonal distribution, and the U.K., Japanese, and Australian markets, because of the

significant volume of business they could provide, as well as the potential to market skiing and/or some shoulder-season travel. In some instances there is good complementarity between these markets. For example, the development of private recreational property and timeshare units for the local domestic market would provide a good supply of rental villas and flats which are much in demand in the U.K. market, with perhaps some long-term appeal to the emerging Japanese family vacation market.

The U.S. market presents a particular dilemma for the Bow-Canmore Banff area. On the surface it would appear the area will require substantial product development to be competitive in the U.S. market in terms of shopping, accommodation and recreational infrastructure. Unfortunately, the market outlook to support such development is flat. The market is also primarily a summer based one, and is only attracted to the area during times when higher spending Japanese travellers will want to visit.

On the other hand, U.S. travellers are among the most sophisticated and demanding travellers in the world. Successfully designing and developing the area's products to U.S. market standards, while expensive, would clearly position it as one of the most internationally competitive resort destinations in the world, and enable it to appeal even more effectively to overseas markets.

Exhibit 5
Product/market match

Market	Current Visitors (From Exhibit 2)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit 2)	Attractions Focus	Services Focus
Alberta	855,000	52%	1.6%	911,000	3.5%	1,039,000	Dining, Natural Displays, Wildlife, Shopping, Hiking, Camping, Golf, Fishing, Cycling, Skiing, Skating, Tennis, Meetings & Conventions.	More campground amenities & wilderness campsites, mid-priced accommodation, recreational property & time share, adventure experience packaging, central reservations & packaging.
Other Canada	325,000	19%	2.2%	354,000	2.5%	390,000		
United States	252,000	15%	0.6%	258,000	-0.2%	255,000	Sight-seeing, Rest/Relaxation, Shopping, Historical sites, Dining, Nightlife, Golf, Hiking, Bicycling,Tennis, Hunting, Meetings & Conventions.	Improved air transportation, Discount fares, Fly drive packages. Moderately Priced "charming" accommodation; luxery accommodation for a small segment. Expanded shopping, facilities upgrading, Central, reservations & packaging, Inter-resort public transit.
Japan	68,000	4%	13.2%	104,000	6.9%	140,000	Scenery, Friendly people, Safety, Shopping, Culture & history, Wildlife, Skiing, Limited Adventure Experiences.	Expanded air services & capacity, Native cultural attractions, Improved quality of facilities, Expanded shopping, Services in Japanese, Luxury hotel accommodation-honeymooners. Moderately priced accommodation-other segments.
Asia/Oceania Australia New Zealand Hong Kong Singapore Taiwan South Korea	29,000	2.0%	4.3%	34,000	4.1%	41,000	Sightseeing, Shopping, Well known landmarks Outdoor adventure (Australia & New Zealand).	Insufficient Data.

Market	Current Visitors (From Exhibit 2)	Estimated 1990 % Total	Projected Annual Market Growth 1994	Projected 1994 Visitors	Projected Annual Growth to 1999	Projected 1999 Visitors (From Exhibit 2)	Attractions Focus	Services Focus
United Kingdom	45,000	3.0%	3.9%	52,000	10.4%	79,000	Sightseeing, Shopping, Packaged Adventure Products, Golf, Hiking, Bicycling, Dining, Skiing.	Packaging Outdoor Adventure Products, Fly Drive, Self Catering Accommodation (Villas & Flats) Discount Air Fares, Inter-Resort Public Transit.
West Germany	17,000	1.0%	-2.9%	15,000	5.3%	19,000	Upscale/unique Outdoor Adventure, Scenery/Photography/Rest/Relaxation, Sightseeing by Car/Motorhome, Camping, Mountains, Forests, Lakes, Shopping.	Fly/Drive, Motor Home Rentals, Improved Campground Services, Outdoor Adventure, Interpretive Guides.
France	15,000	1.0%	3.3%	17,000	3.5%	20,000	Outdoor Activities, Cultural Attractions; National Parks, Historic Sites.	Moderately priced accommodations & food services, Efficient public transit to and from airports and inter-resort. Public transportation
Other Europe	46,000	3.0%	4.3%	54,000	2.6%	61,000	Insufficient Data	Insufficient Data.
Total	**1,652,000**	**100.0%**	**2.2%**	**1,799,000**	**2.7%**	**2,044,000**		

Note: Growth rates relect annual increase rather than compound growth.

F. The basis for competitive positioning

Two aspects will determine the basis for competitively positioning Bow-Canmore in the 1990's. These are first, the price, quality and selection of amenities, and secondly, the images of the area relative to Banff.

1. Price, quality and selection of amenities

Developments in the Bow-Canmore area must provide four season attractions and facilities. All five of the comparable areas reviewed struggle through fall and spring and are either predominantly summer or winter resorts. All comparable resorts examined are striving to achieve more balanced year around operations.

Bow-Canmore will be like Banff, primarily a summer resort. The amenities which it will need to provide in order to compete include:

- An effective public transportation system to provide easy access to all five ski resorts in the area and to the Banff townsite, and ease of access to and from Calgary airport.
- Meetings and convention facilities attached to name brand hotels such as the possible involvement of Westin or Marriott etc. in proposed developments.
- Golf courses to help attract the group and meetings business in the late spring and early fall.
- A good selection of retail shops and restaurants.

One of the central competitive issues is the extent to which Bow-Canmore should become a stand alone resort area versus continuing to be a satellite and service centre for Banff. The view of the consultants and nearly all experts interviewed is that the Bow-Canmore area must become a stand alone resort area if it is to be successful. This requires that it eventually develop at least 1,000 or more rooms as well as an array of good restaurants and retail shops and other attractions.

In terms of price and quality, the emphasis should be on mid-priced hotels and rental chalets with limited development of luxury four star resort hotels designed to cater to the Japanese and special segments of the U.S. and overseas markets. The Alberta, national and U.S. markets, which provide the largest visitation, are primarily interested in moderately priced accommodation. Such accommodation would also appeal to much of the European market.

Although the price position of facilities should be mid range, the quality should be high. This will ensure visitors receive good value for their money. Ultimately a

strategy of providing high value in the mid priced market will best help the area achieve a strong competitive position in the markets and allow it to survive along side Banff.

2. Image relative to Banff

Canmore is currently primarily a service centre and overflow area for the Banff townsite. As such, the name Bow-Canmore carries a less attractive image than Banff in those markets which are aware of the differences between Banff and Canmore. The area's name is also important in those markets which have low name recognition of the Bow-Canmore area. In these instances the area will inevitably be required to link itself to Banff as a means of communicating the area's attractions to potential visitors. Therefore, in markets with high or low awareness of the Bow-Canmore area, the area will need to position itself as an extension to Banff, but perhaps with a somewhat different focus.

A unique image for the area and yet one still related to the positive aspects of Banff can come from a focus on the area's strengths. These strengths (unlike those of Banff) are:

- The ability to attract name hotels such as Marriott and Westin and the associated recognition which comes with these name properties.
- The ability to support extensive development of privately owned second residences.
- The ability to support extensive golf course development.
- A more likely base for the outfitting of outdoor adventure activities.

Development of the area around these strengths will eventually help develop a more distinctive quality image for the Bow-Canmore area. In reality, however, its image will always be strongly associated with Banff and this will prove to be a strong advantage in international markets.

Aside from the area's climate which is cool at times, has a short summer season and has inconsistent snow cover, the area's weaknesses are largely associated with lack of development rather than natural factors. Some the area's main weaknesses include:

- Lack of tourism infrastructure such as recreation facilities, accommodation and retail commercial development.
- The nearby industry development on the north side of the river.
- The area is not yet well known.

- Public transportation services are under developed.

The area has the potential to become a major North American resort destination area through the development and marketing of outdoor recreation attractions, resort accommodation and commercial retail facilities, transportation access to local ski areas, as well as meeting and convention facilities.

G. The Bow-Canmore area will be a resort destination

There is a difference between destination resorts and resort destinations. Destination resorts are defined as single, self-contained resort areas such as Whistler that provide accommodation, retail, food and beverage, attractions and services within a single area. Resort destinations are larger land areas which usually contain several destination resorts or resort properties and services.

The Bow-Canmore area is a resort destination. As such, it will ultimately encompass several different types of resorts serving different market niches.

H. Infrastructure and development issues

One of the Bow-Canmore area's greatest strengths is its land base and resources. The area is geographically a large, centrally located area, with the climate, and natural resource base to support a variety of recreational activities. The area is also reasonably well served, with good access in terms of roads and air connections, and is located adjacent to other high quality attractions.

Although there are development restrictions within the area and the resource is very sensitive to development, the land and resource base is still capable of supporting a wide range of recreational opportunities not eligible for initial development or further enhancement in Banff National Park. The potential developments include, for example:

- An extensive interconnection of trail developments for bicycling, hiking etc.
- Several high quality, scenic golf courses.
- Residential and commercial property including second residences, hotels, campgrounds and shopping/retail facilities.

In order to have these development initiatives proceed so as to properly develop the Bow-Canmore area, a number of actions need to be taken:

- Develop the outdoor adventure product to aid in successfully developing the Bow-Canmore into a resort destination area. Outdoor adventure products could play an important role in reversing the downward U.S. market trend for

the Banff area, attracting European visitors and encouraging Albertans to vacation at home.

- Pursue resort developments which closely match the market requirements. This means an emphasis on mid priced, high quality accommodations, which are architecturally themed toward a consistent image for the area. These accommodation properties ideally would be linked, along with Banff and Kananaskis properties, by a central reservation system and inter-resort public transportation system.

- Position and equip the Bow-Canmore area to serve as a central stopping area for access to ski resorts from Lake Louise to Kananaskis. This involves developing an efficient public transportation linkage among the resorts and between the Calgary airport and the Bow-Canmore/Banff area. It also means encouraging co-operative alliances among the ski resorts to aggressively promote skiing demand throughout Canada, the U.S. and Europe and building on the Winter Olympics theme.

- Position Bow-Canmore as a well known attractive resort conference centre by attracting "name" hotels to locate in the area and providing central convention planning services in the area.

- Encourage high quality viable camping developments to meet market requirements, encouraging tasteful designs and high quality development standards and establishments which offer leased/timeshare sites.

- Encourage high quality, well-maintained regular golf courses, as well as a championship course designed by a "name-brand" designer.

- Promote the development of second residences, some of which would be included in rental pools, to encourage initial growth of the area based on sound infrastructural and architectural planning.

I. The long-term market potential exists for major resort development

In conclusion, the market appears to offer good long-term potential for developing Bow-Canmore as a major international resort destination area. The expected growth in international visitors combined with the area's spectacular resources and proximity to Banff, already a well known international attraction, make it an appealing area for further development and investment.

However, in order to achieve its potential, close cooperation between all levels of government and the private sector will be required. Careful planning will also be necessary to ensure the area maintains its local character and environmental quality while

being designed to succeed in a highly competitive international market. Such balancing is possible and if properly planned the development of the area will prove to be one of Alberta's most strategically important projects in its goal toward building a multi-billion tourism industry.